FINANCIAL TIMES

World Business Newspaper http://www.FT.com TUESDAY AUGUST 26 1997

Facing the past
It is easier to be German or British than Swiss
Personal view, Page 8

Robotics
Workers displaced on construction sites
Technology, Page 6

Spanish tourism
Euro may threaten competitiveness
Preparing for Emu, Page 2

South East Asia
Will currency crises upset political stability?
Page 9

Bic threatens legal action to stop Sheaffer buy-out

French pens, lighters and razors group Bic threatened legal action after top managers from Sheaffer, the US-based fountain pen manufacturer, made a buy-out offer which risked scuppering Bic's takeover bid for the business. Bic said Sheaffer had entered an agreement to sell the business to its own management, which breached the contract Bic had already signed to acquire the US company. Page 11

No early fall in French jobless likely: French finance and industry minister Dominique Strauss-Kahn indicated he did not expect a significant reduction in the country's high unemployment until the second half of next year. Page 2

JCB to make lift trucks: UK construction equipment maker JCB is to enter the industrial lift truck business. Chairman Sir Anthony Bamford promised a "full frontal" assault on the £6bn a year world market dominated by German, US and Japanese companies. Page 14

Germany moves to open power market: Germany took a step towards liberalising its electricity market when the country's utilities agreed rules which could pave the way for suppliers to use competitors' networks. Page 2

Haughey faces prosecution: Former Irish prime minister Charles Haughey faces the prospect of prosecution for repeatedly lying to a public tribunal set up to investigate a leading Irish businessman's payments to politicians. Page 2

Hutchison acts to stop port bids

Hutchison Whampoa is to take legal action to stop the Philippine authorities from reopening the bidding for the privatisation of the Subic Bay container terminal. The Hong Kong conglomerate was poised to sign the lucrative contract in January when Philippine president Fidel Ramos (above) ordered a re-run of the bidding on the grounds that tendering rules had been violated. Page 10

Bosnia's army told to keep out: Bosnian Serb president Biljana Plavsic told the army command to keep out of her power struggle with hardline nationalists loyal to the former president and indicted war crimes suspect, Radovan Karadzic. Page 2

Euro worries Spain's tourist industry: Spain's tourist industry is worried that monetary union will mean higher costs and increased rivalry from countries still able to use exchange rates as a competitive instrument. Page 2

Congo businessman arrested: Jose Endundo, head of the Congo's business federation, was arrested in the capital Kinshasa, business associates said. Mr Endundo is also chairman of the successful national airline, Congo Airlines. Page 4

Joint TV approach planned: PerfecTV, Japan's first multi-channel digital satellite broadcaster, and JskyB, the joint venture between Rupert Murdoch's News Corporation, Sony, Fuji TV and Softbank, hope to offer users access to their programmes by using common receiver equipment. Page 11

PolyGram to expand US labels: PolyGram, the world's largest music group, is expected to place Mercury Records chairman Danny Goldberg in charge of an expanded group of US record labels as part of the reorganisation of its North American music interests. Page 11

Japanese bond yields fall: Japanese bond yields fell to a record low in Tokyo amid fresh uncertainty about the direction of the economy. The 10-year benchmark government bond dropped to 2.035 per cent during the day's trading, after recording a steady decline during last week. Page 3

Sentrachem takes revised offer: South African chemicals producer Sentrachem accepted a revised takeover offer of close to R2.5bn ($540m) from US multinational Dow Chemical. The deal is set to become the largest foreign investment in South Africa. Page 11

Seoul to aid banks: South Korea announced a $3.9bn aid package to help the country's banking sector following a string of large business collapses. Page 3

South Africa's GDP rises 2.2%: South Africa's gross domestic product increased by 2.2 per cent in the first half, helped by annualised growth of 2.6 per cent in the second quarter, official figures show. Page 4

FT.com: the FT web site provides online news, comment and analysis at http://www.FT.com

■ STOCK MARKET INDICES		
Tokyo Nikkei	18656.17	(+6.00)
New York: lunchtime		
Dow Jones Ind Ave	7896.05	(-1.86)
S&P Composite	925.02	(+1.47)
■ US LUNCHTIME RATES		
Federal Funds:	5⅝%	
3-mo Treas Bills: Yld	5.246%	
Long Bond	98¾	
Yield	6.651%	
■ GOLD		
New York Comex		
Aug	$324.6	(326.2)

■ STERLING	
New York lunchtime:	
$	1.60625
■ DOLLAR	
New York lunchtime:	
DM	1.8193
FFr	6.12965
SFr	1.4978
Y	118.6
Tokyo close Y 118.25	
London markets closed	

Kohl snubs calls for shake-up of cabinet

Chancellor to meet finance minister to resolve differences

By Peter Norman in Bonn

Helmut Kohl, the German chancellor, yesterday rejected a shake-up of his cabinet before next year's general election, in a bid to stop the growing crisis in his government.

But Mr Kohl's action to reassert his authority over his quarrelsome three-party coalition only highlighted his differences with Theo Waigel, finance minister and leader of the Christian Social Union, the Bavarian party that provides a 50-strong troop of government MPs in Bonn.

Mr Kohl, on his first day at work after the summer break, moved swiftly to stifle the debate over his cabinet. The controversy was unleashed by Mr Waigel's recent calls for a reshuffle and his declaration that he wants another job after the election. In interviews with the ZDF television channel and in today's Bild newspaper, Mr Kohl said talk of a reshuffle was "completely unnecessary" and "greatly damaging" for the government, the coalition and the two Christian parties that account for most of its members.

Looking grumpy and uncomfortable, Mr Kohl agreed in the television interview that there would be discussions about compensating Mr Waigel's CSU for the loss of one of its four cabinet posts when, at the end of this year, the post and telecommunications ministry is closed.

But this, the chancellor insisted, would not amount to a reshaping of the cabinet, along the lines urged by Mr Waigel, to brighten the government's prospects in the September 1998 election. "I have no intention of changing the cabinet," Mr Kohl said, adding: "I will not be put under pressure."

Mr Kohl made no effort to conceal his irritation with Mr Waigel's actions. But he insisted that the Bavarian CSU leader would be finance minister until the election, to push ahead with Emu and tax and other reforms.

However, there was no sign yesterday that Mr Waigel, who has been one of Mr Kohl's closest allies since becoming finance minister more than eight years ago, was giving up his campaign.

In an interview in Germany's Focus magazine, Mr Waigel had said he was "certain" Mr Kohl would back his call for a cabinet shake-up. Aides said later he was sticking to his position despite the chancellor's remarks. The two men telephoned each other yesterday, after the chancellor gave his interviews, and agreed to meet this week to try and resolve their differences.

Meanwhile, Bernd Protzner, CSU general secretary, reaffirmed the party's stance that the coalition must be "strengthened" ahead of the federal and state elections next year. He also said that the "weight and representation" of the CSU in the government must be maintained after the departure of Wolfgang Bötsch, the post minister.

The disarray in Mr Kohl's government came as a welcome boost for the Social Democratic and Green opposition parties.

Oskar Lafontaine, the SPD leader, said the government was showing signs of breaking up. He blamed Germany's failure to progress with economic reforms on differences between Mr Kohl's Christian Democratic Union, the CSU and the liberal Free Democrat party, the third coalition member.

Jürgen Trittin, a leader of the Greens, called for early elections, arguing that 13 months of inactivity until the poll on September 27 next year would be a betrayal of Germany's millions of jobless.

Editorial Comment, Page 9

Krenz jailed for Cold War killings

Egon Krenz, former East German communist leader, in court in Berlin yesterday where he was sentenced for the killing of refugees trying to flee over the Berlin Wall. Report, Page 10 Reuters

BT drops escape clause to safeguard MCI merger deal

By Clay Harris in London

British Telecommunications has agreed not to withdraw or revise its new $23bn merger deal with MCI Communications even if a further surprise emerges in the US company's fortunes.

An amended merger agreement which has been filed with the US Securities and Exchange Commission leaves out a "material adverse change" clause that was in the original deal. The UK company has also agreed to pay MCI $750m in damages if BT's shareholders fail to approve the revised terms.

Last week, BT forced MCI to accept a price cut of more than 15 per cent on terms agreed nine months ago. This followed a warning by the US long-distance operator in July of large losses it expected to incur in its expansion into the local telephone market. Executives of both companies said on Friday that the revision was necessary because of rapidly changing conditions in the US telecoms market.

The two companies have also taken steps to defeat any revolt by MCI shareholders perturbed by the lower price or by BT investors who might have new doubts about the merits of the merger.

The revised terms will require the approval of only 50 per cent of BT's shareholders voting at an extraordinary general meeting due to be held in November or December. That is a reduction from the 75 per cent needed – and easily surpassed with 98 per cent approval – in April before MCI made its profits warning about local telephone services.

BT will vote in the same ballot as other shareholders and has committed its 18.7 per cent stake to backing the deal. Previously, BT voted its shares in a separate ballot.

With litigation being threat-

Continued on Page 10

Air India contract may hinge on offset investment

By Mark Nicholson in Calcutta

India is likely to insist on substantial "offset" investment in the country's aerospace industry as part of an expected $2bn-$3.5bn aircraft order for Air India, the state carrier.

Boeing and Airbus, the rival US and European aircraft groups, are vying for the contract, which has been under negotiation for more than three years.

Krishandas Nair, chairman of Hindustan Aeronautics (HAL), the state defence aviation and aerospace group, said the group would seek "work to make doors, tail structures, wings or parts of the fuselage, or maybe computer software co-operation" from Boeing or Airbus.

India has not previously insisted on such investment for similar big aircraft orders, but Mr Nair said government thinking on offset investments had "hardened" following intensive lobbying from HAL.

HAL, which already has component supply agreements with both Boeing and Airbus, would be the expected beneficiary of any such offset investment.

Mr Nair said: "India has not been insisting on offsets like Korea, China or Indonesia. We've always had a countertrade component in such deals, but these are not really good enough. So we've been persuading the government and the government agreed that offset should be stipulated."

A decision on the purchase of 10 medium-capacity long-range (MCLR) jets, with an option on a further 13 aircraft, was deferred earlier this month, continuing a long series of reviews of offers from Boeing and Airbus.

Industry executives expect a final decision within the next two months.

Boeing is offering its 777 jet while Airbus is negotiating the sale of its A-340 aircraft. Air India currently flies a fleet of 31 jets – 20 Boeing

Continued on Page 10

Florida agrees $11.3bn tobacco industry deal

By Mark Suzman in Washington

Florida yesterday agreed to accept payment of $11.3bn over the next 25 years from five tobacco companies, becoming the second US state to reach a settlement with the industry. Much of the money will be used to defray the costs of treating smoking-related illnesses.

The agreement, reached in negotiations between state officials and industry lawyers late on Sunday night, follows a similar $3.6bn deal made by Mississippi last month, and ends a lawsuit currently under way in the state. As a court-enforced settlement, it does not require legislative approval and takes effect immediately.

Florida had demanded a $12.3bn payment in pre-trial talks, but Lawton Chiles, state governor, said the final agreement represented a victory because it included tough restrictions on advertising and required the release of confidential industry documents.

"The tobacco industry has conceded defeat and we have a settlement of historic proportions," he said.

Representatives from the tobacco companies involved said the settlement was a "concrete demonstration" that the industry was prepared to co-operate with government and public health authorities to prevent under-age smoking.

Yesterday's deal would be largely superseded if a proposed $368.5bn national settlement between states and the industry currently being considered by the White House and Congress becomes law. However, both Mississippi and Florida will receive industry payments regardless of whether the national deal receives legislative approval.

Texas, the next state with an anti-tobacco lawsuit scheduled to come to trial, is also expected to reach a settlement with the industry. However Minnesota, which follows in January, is more likely to insist on a jury trial if no national settlement has yet been agreed.

President Bill Clinton is known to have reservations about several elements of the broader settlement, particularly proposed restrictions on the right of the Food and Drug Administration to regulate tobacco.

However, over the weekend Michael Moore, Mississippi attorney general and a leading architect of the deal, suggested that tobacco firms were willing to compromise on FDA regulation. Although his remarks were later played down by industry lawyers, Mr Moore said the companies had agreed to modify a requirement that the FDA prove the existence of a black market in cigarettes before imposing new regulations.

A White House spokesman said yesterday that an administration review of the proposed settlement was nearly complete and would be presented to Mr Clinton after he returned from holiday next month.

Letters, Page 8

CONTENTS

News	Weather ... 10	Arts Guide ... 7	FT/SP-A Wld Indices ... 24
European News ... 2	Lex ... 10	Crossword ... 24	Foreign Exchanges ... 17
International News ... 4	**Features**	**Companies & Finance**	Gold Markets ... 16
Asia-Pacific News ... 3	Leader Page ... 9	UK ... 14	Managed Funds ... 18-20
American News ... 3	Letters ... 8	International ... 12,13	Money Markets ... 17
UK News ... 6	Observer ... 9	Intl. Cap Mkts ... 12	Wall Street ... 21-24
People ... 15	Technology ... 6	**Markets**	Bourses ... 21,24
Int Econ Indicators ... 4	Arts ... 7	Commodities ... 16	

LONDON · LEEDS · PARIS · FRANKFURT · STOCKHOLM · MADRID · NEW YORK · LOS ANGELES · TOKYO · HONG KONG

Tribunal investigating payments condemns former Irish PM for 'untrue' statements

Haughey faces prosecution over 'lies'

By Kieran Cooke in Dublin

Charles Haughey, the former prime minister of Ireland who has dominated much of the country's political life over the past 20 years, faces the prospect of prosecution for repeatedly lying to a public tribunal set up to investigate a leading Irish businessman's payments to politicians.

In a 112-page report the tribunal, headed by Justice Brian McCracken, describes as "unacceptable" Mr Haughey's repeated earlier denials of receiving I£1.3m $1.91m in payments from Ben Dunne, the former head of one of Ireland's leading supermarket groups.

Mr Haughey eventually admitted receiving such payments shortly before he appeared before the tribunal in mid-July.

The report, published yesterday, says many of the statements made under oath by Mr Haughey at his appearance before the tribunal were also "unacceptable and untrue".

Furthermore it says Mr Haughey deliberately sought, at a time when he was *Taoiseach* (prime minister), to deceive Ireland's tax authorities in regard to such payments.

"It is not for the tribunal to determine whether Mr Charles Haughey should be prosecuted... However, the tribunal considers that the circumstances warrant the papers in the matter being sent to the Director of Public Prosecutions for his consideration as to whether there ought to be a prosecution, and the tribunal intends to do so."

The tribunal also condemned Michael Lowry, a former minister of transport, for entering into an unorthodox business relationship with Mr Dunne and for evading taxes.

Bertie Ahern, Ireland's prime minister who served as one of Mr Haughey's most faithful lieutenants up to the former taoiseach's retirement in 1992, said he found many of the report's findings deeply disturbing.

During a political career spanning more than four decades Mr Haughey – often referred to as "The Boss" or "The Squire" – acquired a 12-bedroom Georgian mansion set in 300 acres on the outskirts of Dublin, an island off the coast of County Kerry, a luxury yacht, a stud and racehorses, cellars of fine wine and a valuable collection of Irish art.

In his evidence to the tribunal the former prime minister said he was too busy with affairs of state to live a lavish lifestyle.

He said that since the mid-1980s all decisions relating to financial outgoings, including household costs amounting to I£24,000 a month, were made by a business friend.

This, says the tribunal, was "quite unbelievable" as was Mr Haughey's denial of any knowledge of secret accounts in his name in the Cayman islands.

While the tribunal found no evidence that political favours were granted in return for the payments made by Mr Dunne, such gifts to Mr Haughey or to any other member of parliament were "quite unacceptable".

"It is even more unacceptable that Mr Charles Haughey's whole lifestyle should be dependent upon such gifts, as would appear to be the case. If such gifts were to be permissible, the potential for bribery and corruption would be enormous."

Jobless rate to improve next year

By David Owen in Paris

Dominique Strauss-Kahn, the French finance and industry minister, yesterday indicated that he expected no significant reduction in the country's high unemployment until the second half of next year.

In comments on RTL radio coming less than a week after the Socialist-led government unveiled a bill aimed at creating 350,000 public sector jobs for young people, Mr Strauss-Kahn likened unemployment to "a big ship that it takes time to turn around".

"The range of economic measures that have been taken and the return of growth we are feeling permit one to think that in a year's

Strauss-Kahn: jobs pledge

time we should have a significant effect on unemployment," he said.

Mr Strauss-Kahn also reiterated that France would succeed in limiting its 1998 public deficit to 3 per cent of gross domestic product.

And he suggested the country's 1998 growth rate should reach between 2.9 per cent and 3 per cent. "The projections get a little bit better with each week that passes," he said. France's previous centre-right administration forecast 1997 growth of 2.3 per cent.

Unemployment has risen sharply in France in each of the last two months for which figures are available, taking the overall number of jobless to 3.13m. The unemployment rate, based on International Labour Office criteria now stands at 12.6 per cent. Figures for July are due later this week.

The new bill should go part way towards meeting the Socialist party's general election pledge to create 700,000 jobs for young people. Ways to create 350,000 private sector jobs are expected to be discussed by the government, companies and unions at a conference at the end of next month or the start of October.

Church feels the loss after papal visit

By Andrew Jack in Paris

The Pope's visit to France last week may have been a spiritual and popular success, but it could prove to be a considerable financial failure, according to initial estimates released yesterday.

A million people attended an open-air mass outside Paris on Sunday, and more than 250,000 young people invited from around the world converged on the French capital during the four day papal visit.

But Bishop Michel Dubost, head of JMJ 97, the world youth organisation responsible for organising the tour, said yesterday costs were likely to exceed income by FFr20m-FFr30m ($3m-$4m).

The Vatican traditionally leaves the cost of papal visits to host nations. But because France is a secular state – a point reiterated by Lionel Jospin, the prime minister, during a speech on Sunday before the Pope's departure – the cost must be borne by the church alone.

Since the church was stripped of its property after the French Revolution, its resources are very limited, with most income coming from donations. "Most papal visits are funded by the state or by a rich church," said the office of the archbishop of Paris yesterday. "We have neither."

The costs of the visit were in line with predictions at FFr251m, Mgr Dubost said. They were kept low with many services and goods donated or provided at cost, although the organisers did distribute some free bottles of water to counter the heatwave of the last few days.

However, receipts were significantly below expectations. Some of the national youth organisations affiliated to JMJ did not pay their subscriptions but the organisers felt they were morally unable to prevent those who had not paid from attending the mass and other meetings.

There were some sales from official merchandising, such as T-shirts, but these were only ever expected to make up 3 per cent or less of total income. Final accounts should be ready within the next few days.

If there is a significant deficit once the final figures are established, French church officials said they were likely to launch a new round of appeals among the faithful.

The papal visit did at least provide salvation for France's media organisations. France Television provided live coverage and most of the principal magazines and newspapers provided extensive coverage of the visit, which took place in the middle of the "silly season" at a time of little other news.

Biljana Plavsic, Bosnian Serb president, waves to supporters during a televised rally in Banja Luka on Sunday. Mrs Plavsic said TV workers had struck a blow for democracy by cutting links with studios run by those loyal to Radovan Karadzic Reuters

Plavsic tells army: 'Keep out of power struggle'

By Guy Dinmore in Belgrade

Biljana Plavsic, the Bosnian Serb president, yesterday told the army command to remain neutral and keep out of her power struggle with hardline nationalists loyal to the former president and indicted war crimes suspect, Radovan Karadzic.

The Bosnian Serb army, which is under tight Nato control and has no means to intervene militarily, has become the latest focus of the Bosnian Serb conflict following moves by Mrs Plavsic to consolidate her authority over the police and media in her stronghold in north-west Bosnia. Mrs Plavsic told reporters in Banja Luka she expected all members of the general staff to meet her today.

"I hope there will be enough wisdom among them to keep far away from this crisis," the western-backed president said.

Pro-Plavsic officials said they expected her to dismiss General Pero Colic as chief of staff following a statement he issued last week saying the army would not sit and watch Bosnian Serb territory be torn apart while the president acted against the constitution.

Early elections were the only way forward, said Mrs Plavsic, who dissolved parliament last month despite opposition from the ruling Serb Democratic party, which has since started to disintegrate.

Mrs Plavsic was given a further boost yesterday when Mr Dragoljub Mirjanic, a vice-president, quit the pro-Karadzic government just two days after it said it would no longer co-operate with the president.

Germany in electricity rules move

By Graham Bowley in Frankfurt

Germany has taken a big step towards liberalising its protected electricity market after the country's powerful utilities agreed rules which could pave the way for rival suppliers to use competitors' networks.

Günter Rexrodt, economics minister, said yesterday that Germany's leading industry association had agreed a ground-breaking framework with electricity generators and suppliers which would govern the widespread transmission of electric power across the country's fragmented national grid.

The move – which is hoped will trigger greater competition and lower energy prices – would allow industrial companies to choose more freely between suppliers of electricity, including foreign suppliers.

It follows intense pressure from German companies which have complained bitterly about the sharply higher electricity costs they face compared with other European countries.

"The politicians and commentators didn't think we could come to a mutual solution on our own but we have managed it," said a spokesman for the VDEW, which represents the electricity generators.

The move also follows pressure from the German government which has been keen to introduce greater competition into the energy market ahead of European Union legislation due to take effect in 1999.

Mr Rexrodt hailed the agreement as a "central building block for the introduction of effective competition in the electricity market".

He said the aim of the reform was "competitive electricity prices which are urgently needed for the securing and creation of new jobs".

The agreement comes ahead of Mr Rexrodt's planned reform of Germany's energy laws which would more fully liberalise the energy and gas sectors and bring them into line with the new EU laws. Industry experts said yesterday that the framework agreement was a necessary precursor of the planned legislation.

Wolfgang Heller, spokesman for the BDI, the German industry federation, said: "This will help Germany remain a place to do business by encouraging lower electricity prices."

He said electricity charges accounted for two-thirds of German companies' overall energy costs.

Spain's tourism industry adds up cost of euro

Preparing for Emu

Hotels along Spain's coasts are bursting at the seams. The holiday trade is heading for another record, with at least 42m foreign tourists expected this year and earnings rising. But the industry is worried. How many will keep coming when the peseta disappears and Spain has the same currency as Germany?

Tourism – both domestic and foreign – provides about a tenth of Spain's economy and is one of the sectors most apprehensive about the impact of the euro. Spain is now a firm candidate to be a founder member. Concern is widespread that monetary union will mean higher costs and increased rivalry from countries still able to use exchange rates as a competitive instrument.

"We view the prospect of a single currency with anxiety," says Simón Pedro Barceló, executive vice-president of the Majorca-based Barceló group, one of the country's leading hotel and travel businesses. He does not question that monetary union will be good for the economy in general. Consumption will grow. Outward tourism from Spain will flourish. But inward tourism will no longer be able to count on a price advantage based on exchange rates. "We will lose a weapon we have used in the past," says Mr Barceló.

According to the World Tourism Organisation, Spain now earns more from foreign holidaymakers than any other country in Europe, with revenues of $28.4bn last year. Only the US earns more. Since package tourism began in the 1950s, Spain has counted on being a relatively low-price destination. But Mr Barceló warns: "In the medium and long term we will no longer be cheap."

Since bookings begin a year in advance, this is the last year that they will be done exclusively in pesetas. From next summer, for the 1999 season, it is expected that bookings will start being made partly in euros.

The fear in the sector is a widening price gap with other Mediterranean countries outside the euro zone, such as Turkey, Tunisia, Morocco or Croatia, or not yet in the euro – Greece, and possibly Italy.

Government tourism officials are awaiting a report from the Institute of Tourism Studies on the impact of membership. But the outlook is obscured by uncertainties about the shape of monetary union – its composition at the outset, prospects for a second wave, the conversion rate for the peseta, and linkages between the euro and other currencies in the region.

Sterling's future will be a big factor. Along with the Germans and French, the British are one of the pillars of Spanish tourism. Of all entries to Spain last year, 60 per cent were of these three nationalities. The recent strength of sterling has made an impact this year with a surge in UK business. Budget-conscious Britons have been spending more while on holiday, and bookings for next year are expected to be well up.

However, stable exchange rates are not necessarily damaging. Both visitor numbers and earnings have increased in the last two years while the peseta has held its own against the other currencies of the European Monetary System's exchange rate mechanism.

The change of currencies is seen as having advantages as well as short-term drawbacks. On the negative side, rounding up prices is expected to have an inflationary effect. Tourist companies face the cost of adapting accounting systems and the loss of foreign exchange commissions. Exchange facilities in resorts will be reduced. On the other hand, visitors from other euro countries will be more at home, not needing to cope with fiddly foreign money and being able to have a better idea what a holiday abroad is likely to cost.

Manuel Figuerola, director of the Official School of Tourism, argued in a recent article that the euro was bound to have a positive effect on demand.

Direct benefits included savings on operations linked to the handling of currencies. In addition, he said, tourists would no longer have to take the trouble of changing money or risk a loss from leftover foreign currency. Exchange instability and uncertainty had been harmful in the past, he argued, and had affected investment in the sector.

A report published in June by Arthur Andersen and the Madrid-based Institute of Economic Studies – The Impact of the Euro on Spanish Productive Sectors – was mixed about the impact on tourism, "one of the few economic sectors to have competed successfully on the European and international market". There would be some benefits, for instance for airlines, which would see their operations "simplified enormously" by the introduction of the euro. But the tourism sector would have to face a progressive increase in wage costs.

"Insofar as the euro will lead to an increasing levelling of incomes, the labour cost factor will rise relatively more in Spain (if it is in the euro) than in EU countries which do not join, or in third countries," it said. Services such as restaurants and transport have already been losing competitiveness in recent years, making holiday packages more expensive.

Mr Barceló says Spain will have to rely on assets other than low costs. "Price will continue to be a factor, but not the only factor." But he is not too pessimistic. "Spanish tourism has enough attractions not to have to base its future on devaluations," he says.

European Movement, Page 5

David White

The International Monetary Fund has become the second government-owned multinational institution this month to give Germany a good chance of meeting the conditions for economic and monetary union in Europe, writes Peter Norman in Bonn.

The Bonn finance ministry yesterday reported that the IMF, in its annual internal review of the German economy, forecast that the public deficit would be 3.1 per cent of gross domestic product this year and 2.8 per cent in 1998.

Although the IMF forecast put this year's deficit marginally above the 3 per cent target for Emu enshrined in the 1992 Maastricht treaty, the ministry said the fund had also judged that the German government's forecast of a 3 per cent deficit this year was "altogether in the realm of possibility".

The IMF has adopted a similar position to the Paris-based Organisation for Economic Co-operation and Development, which last week forecast a 3.2 per cent public deficit this year and commented that the Maastricht target "could be effectively regarded as being met" because the difference was in the range of normal statistical revisions.

The IMF would make no comment on the report. However, the Bonn finance ministry said it focused on the need for economic reforms, including tax reform, to reduce Germany's high structural unemployment of around 8.75 per cent of the labour force.

The Bonn government's campaign to shift the Emu debate away from exact fulfilment of the 3 per cent public deficit criterion was given an additional boost yesterday when 58 German professors of economics released a signed 10-point manifesto in favour of the euro, the planned single currency.

They said that the euro could be as stable as the D-Mark and that the importance of the Maastricht fiscal criteria had been overstated. It did not really matter whether the public deficit was 3 per cent or 3.2 per cent of GDP, they said.

EUROPEAN NEWS DIGEST

Yeltsin hints at arms scandal

President Boris Yeltsin yesterday deepened the intrigue surrounding the surprise re-organisation last week of Russia's multi-billion dollar arms trade, a business he described as "too juicy".

In throw-away comments in between Kremlin meetings, Mr Yeltsin hinted that the abrupt dissolution last week of Rosvooruzheniye, the state weapons trader, and the dismissal of Alexander Kotelkin, its boss, were part of a shadowy corruption scandal.

"On the whole, he set the business fairly well on its way, but there were some violations," Mr Yeltsin said of the sacked Mr Kotelkin, who only a few days before had been warmly praised by the president.

But the president said that the arms' traders' job had been "too juicy, too attractive" and that the government had been forced to sack him. The president's words appeared to confirm suspicions that the re-organisation was a Kremlin effort to assert more direct control over the vast sums of money that pass through Rosvooruzheniye.

Presiding over one of the few sectors of the Russian economy to have prospered following the collapse of communism, company officials estimated that Rosvooruzheniye's order book would be worth more than $10bn by the end of this year. *Chrystia Freeland, Moscow*

■ MEDIA GROUP PROBE

Kirch in tax investigation

German authorities confirmed yesterday that Kirch Group, one of the country's biggest media companies, is being investigated for alleged tax evasion in a probe which resulted in police raids last week in Switzerland on 12 companies and private homes.

Peter Schlicht, a state prosecutor in Munich, said the Swiss authorities were asked to assist in an investigation believed to be linked to a DM530m ($288m) sale seven years ago of a package of more than 2,000 films to Otto Beisheim, a German retailing billionaire who lives in Zug. Soon afterwards the films were re-sold for DM1.6bn to two German television stations in which the Kirch family has shareholdings.

The deal with Mr Beisheim was the cause of a raid last year of Kirch's headquarters in a Munich suburb. Mr Schlicht said last week's raids, in which police seized documents, were intended "to help find evidence which is suspected to be in Switzerland". He declined to give more details of the investigation. Privately held Kirch, which is Europe's biggest film distributor and has a prominent position in the German television market, also refused to comment. *Frederick Stüdemann, Berlin*

■ RACIAL CLEANSING

Swedes sterilised 60,000

A Swedish politician yesterday called for a probe into "terrifying facts" showing that up to 60,000 Swedish women were sterilised against their will over a 40-year period.

Alf Svensson, leader of the Swedish Christian Peoples' party, in a letter to Goran Persson, the prime minister, said a parliamentary commission should be established to shed light on the revelations. "It is in the government's and political parties' interests to open up this grim chapter in our history," Mr Svensson wrote.

Revelations that Social Democratic governments sterilised women to rid society of "inferior" racial types and to encourage Aryan features have shocked Swedes.

The revelations in the liberal newspaper Dagens Nyheter, claim Sweden, Norway and Denmark pioneered racial cleansing "sciences" after the first world war. In Sweden the sterilisations began in 1935, peaking in 1946 and were not stopped until 1976. Officially voluntary, victims say they were ordered to sign permission slips or risk losing their other children and all benefits.

Most of the victims were of "poor or mixed racial quality", meaning people with learning difficulties, from poor families or who were not of the common Nordic blood stock. *Reuters, Stockholm*

■ GREENPEACE PROTEST

Dutch seek injunction

Dutch exploration company Nederlandse Aardolie Maatschappij said yesterday it would seek a court injunction to halt Greenpeace's occupation of its proposed drilling site in the North Sea.

"We hope we can get the injunction this week, but it may be early next week. Until that time, we will do nothing," spokesman Frank Duut said. He added the company might also seek damages if, assuming it won an injunction, Greenpeace continued to occupy the test site.

NAM – a Royal Dutch/Shell and Exxon joint venture – was due to install a rig this week but the plans were scuppered when two Greenpeace activists occupied the site on Sunday morning.

Yesterday Greenpeace called on the Dutch minister for economic affairs Hans Wijers to cancel the permit to drill, arguing circumstances had changed since permission was granted in 1992. *Reuters, Amsterdam*

FINANCIAL TIMES
Published by The Financial Times (Europe) GmbH, Nibelungenplatz 3, 60318 Frankfurt am Main, Germany. Telephone ++49 69 156 850. Fax ++49 69 596 4481. Represented in Frankfurt by J. Walter Brand, Wilhelm J. Brüssel, Colin A. Kennard as Geschäftsführer and in London by David C.M. Bell, Chairman, and Alan C. Miller, Deputy Chairman. The shareholder of the Financial Times (Europe) GmbH is Pearson Overseas Holdings Limited, 3 Burlington Gardens, London, W1X 1LE. Shareholder of this company is Pearson plc, registered at the same address
GERMANY:
Responsible for Advertising content: Colin A. Kennard. Printer: Hürriyet International Verlagsgesellschaft mbH, Admiral-Rosendahl-Strasse 3a, 63263 Neu Isenburg ISSN 0174 7363. Responsible Editor: Richard Lambert, c/o The Financial Times Limited, Number One Southwark Bridge, London SE1 9HL.
FRANCE:
Publishing Director: P. Maraviglia, 42 Rue La Boëtie, 75008 PARIS. Telephone (01) 5376 8254, Fax (01) 5376 8253. Printer: S.A. Nord Eclair, 15/21 Rue de Caire, F-59100 Roubaix Cedex 1. Editor: Richard Lambert. ISSN 1148-2753. Commission Paritaire No 67808D.
SWEDEN:
Responsible Publisher: Hugh Carnegy 468 618 6088 Printer: AB Kvällstidningen Expressen, PO Box 6007, S-550 06, Jönköping.

R

NEWS: ASIA-PACIFIC

Seoul to aid banks with $3.9bn package

By Jason Neely in Seoul

Kang Kyong-shik (left) at a meeting of economics ministers yesterday AP

South Korea yesterday announced a $3.9bn aid package to help the country's embattled banking sector following a recent string of large business collapses.

Kang Kyong-shik, finance and economy minister, said the financial assistance would be channelled through the state-run Korea Assets Management Corporation, a government agency set up by the finance ministry to take over non-performing assets from the banks and sell them in an effort to clean up balance sheets.

The announcement followed the emergence of profound difficulties last month at the Kia group, the country's eighth largest conglomerate and the latest in a line of high-profile corporate casualties that have left banks with non-performing loans worth more than $25bn.

Mr Kang also said Korea First Bank (KFB), Kia's main creditor, would receive a special loan which local media, citing KFB sources, estimated at between $2.22bn and $3.34bn at an interest rate of 8.5 per cent.

The finance ministry said it wanted to head off "uncertainty and instability" in the market and vowed it would "provide sufficient liquidity to assist financial institutions in need".

But the announcement disappointed the stock exchange, where the investment and finance sector lost 1.38 per cent by the close of trading. Analysts said investors expected the central bank to extend a loan to KFB at a concessionary rate of about 3 per cent, which would allow the bank to profit on commercial loans worth about three times that rate.

Analysts said the government wanted to settle nerves ahead of an assessment of the banking sector by Moody's and Standard and Poor's, the US credit rating agencies, slated for next month.

Kia's debts of $10.6bn are the biggest of nine big companies that have had difficulties this year. Korea First was the most heavily exposed, but it also suffered from the fall of the Hanbo group, whose flagship steelmaker in January left behind $5.8 billion in non-performing loans.

The finance minister said an additional $556m would be offered next month by the authorities in a move to ease further the liquidity problems at the banks.

Mr Kang also said yesterday that to boost foreign capital reserves, ceilings on capital transactions such as overseas facility investment would be raised, as would the ceiling on foreign investment on the stock exchange. He said the ministry would seek to exempt from capital gains taxes the sale of collateralised land and the sale of land to repay bank loans.

Wives may bring Korea thaw

Japanese women married to North Koreans are to be allowed to visit their homeland, writes Gillian Tett

Twenty elderly Japanese women are likely to be the object of a frenzied media circus in the coming weeks.

Following a breakthrough in discussions in Beijing between Japan and North Korea, Pyongyang has agreed to allow the 20 Japanese wives of North Koreans to make a high-profile visit to their "homeland".

The trip promises to be emotional. Most of the women left Japan with their Korean husbands four decades ago and have not been allowed to return to see their Japanese families since.

But the trip also carries political significance. The breakthrough in the Beijing talks is one sign that the relationship between Tokyo and Pyongyang may now be thawing after a frosty five years. The question is whether the rapprochement can be sustained.

The issue is a tangled one for Tokyo because it leaves the government, one of the most nationalistic in recent years, torn between the conflicting demands of Japan's right wing, which opposes closer relations, and its US ally, which is trying to edge the two antagonists together.

Relations between Pyongyang and Tokyo are emotive. Japan occupied the Korean peninsular between 1910 and 1945; the legacy was compounded, after the Korean war in the 1950s, by Cold War suspicion.

Their history leaves them intertwined. There are about 1,800 Japanese wives in North Korea; while in Japan, there is a huge North Korean population, providing a vital economic lifeline for Pyongyang. The Japanese government says North Koreans are remitting between $650m and $850m to North Korea each year, equivalent to 40 per cent of the North Korean economy.

> Japan says North Koreans are remitting between $650m and $850m to North Korea each year, equivalent to 40 per cent of the North Korean economy

Japan has been the only regional country without any official diplomatic contact with North Korea. "Japanese public opinion is very critical of North Korea and that will not be easy to change even if the government wants to normalise relations," says Takashi Inoguchi, a Tokyo professor.

The last attempt to establish diplomatic relations in 1992 collapsed amid Japanese allegations that North Korea kidnapped 10 Japanese in the 1970s to train North Korean secret agents in Japanese manners and language. Pyongyang denied this.

These accusations have fuelled Japanese nationalists' opposition to North Korea, a position strengthened by the North's enduring refusal to let the Japanese "wives" visit Japan.

Ryutaro Hashimoto, Japan's prime minister, has maintained a tough line against Pyongyang. Unlike the US, Tokyo has so far refused to give food aid to ease North Korea's economic problems. But this refusal has left Tokyo isolated. For though the US might have supported Tokyo's hostility towards the North Korea during the Cold War, in recent months Washington has been pressing Tokyo to adopt a softer line.

This is partly because of the North's mounting food crisis. At the same time, the first tentative talks between North and South Korea, China and the US have started, leaving the US keen to maintain a united Japanese, US and South Korean front.

These pressures now appear to have borne fruit. Last week's talks in Beijing yielded an agreement to start ambassadorial-level discussions about the possibility of establishing diplomatic ties. Japan has also indicated that it may offer food aid to North Korea through multilateral organisations.

Further rapprochement may now depend on the position of the nationalists within Japan's ruling Liberal Democratic party.

But perhaps of more immediate importance is whether the planned trip by the 20 wives goes ahead. If Pyongyang drags its heels it could sour public opinion in Japan and freeze further moves to warm relations.

Cook plans firm stance in Jakarta

By David Buchan, Diplomatic Editor

Robin Cook, Britain's foreign secretary, flies this week into both Jakarta and renewed controversy over UK arms sales to Indonesia, as part of a four-country swing around south-east Asia.

Mr Cook is expected to tell Indonesia's leaders bluntly they must make progress on human rights, particularly in East Timor, annexed forcibly by Jakarta two decades ago. His warning is designed to balance the UK Labour government's recent controversial decision to allow the sale of already-licensed Hawk jets and Alvis armoured cars to Indonesia to go ahead.

Announcing last month that it would not revoke arms export licences granted by the previous Conservative administration, the Labour government dismissed claims by some human rights groups that UK arms had been used in East Timor.

But Mr Cook said he would use his talks in Jakarta on Friday to "emphasise the need for progress in East Timor and demonstrate my strong support for the United Nations process". The UN is sponsoring talks between Indonesia and Portugal, which has championed its former colonial subjects in East Timor.

In addition to seeing President Suharto, Mr Cook is due to meet members of the new Human Rights Commission, described by UK Foreign Office officials as "active and outspoken".

Pledging to make human rights in general a key feature of UK foreign policy, Mr Cook showed himself capable of tough talking on a trip to Bosnia last month. But in Jakarta he has to contend with a long established and rather prickly government of a country that has 200m people and is oil-rich enough to be a big market for UK exports.

The Suharto regime has told the UK government that it will simply switch arms suppliers if Britain restricts weapons sales.

On his south-east Asian tour – the most extensive by a UK foreign secretary since 1988 – Mr Cook is stopping first in Malaysia, where on Thursday he will deliver a speech on British policy towards Asia.

ASIA-PACIFIC NEWS DIGEST

Japanese bond yields fall

Japanese bond yields fell to a new record low in Tokyo yesterday amid fresh uncertainty about the direction of the economy. The 10-year benchmark government bond dropped to 2.035 per cent during the day's trading, after recording a steady decline during last week. The decline suggests that traders have now ruled out any upturn in interest rates soon, given the growing signs of recent weakness in domestic demand.

Signs of this weakness emerged yesterday. Department store sales were 3.4 per cent lower in July compared with a year earlier – the fourth successive monthly decline. Supermarket sales also showed the fourth month of annual decline in July, with sales running some 4.1 per cent down from a year earlier.

Separate data yesterday showed domestic sales of cars continued to be weak – even though the industry had predicted that the impact of a rise in consumption tax in April would have faded in June. Japan's five leading car manufacturers all reported annual falls in domestic sales in July ranging between 6.5 per cent and 14.2 per cent compared with a year earlier. This was a sharp contrast to their exports, which continued to rise sharply in the month, compared with a year earlier. *Gillian Tett, Tokyo*

■ BRADY-STYLE SETTLEMENT

Hanoi close to bank debt deal

Vietnam and its commercial creditors are likely to finalise settlement of roughly $800m in London Club debt in the first two weeks of next month, bankers said yesterday. The deal had been due in June but was delayed by bureaucratic reluctance to make decisions because of political uncertainty surrounding a Communist party leadership succession.

The signing would clear the way for a bond issue backed by the US Treasury, central to the Brady-style deal agreed with creditors last year. The debt dates back to the 1970s and 1980s and is mostly owed to Japanese institutions. Bankers expect the country to make its debut on the international capital markets some time in the next 12 months. Nomura Securities and Merrill Lynch have been mandated as co-arrangers of a $100m-$150m eurobond. Moody's, the US rating agency, said in April it expected to assign a Ba3 rating to the planned eurobond.

Le Thi Bang Tam, vice minister of finance in charge of the project, declined to say when the eurobond would be issued, saying only that it "depends on the Brady bond". However, the World Bank has advised Hanoi against going to the market until it has taken steps to reduce currently levels of debt. *Jeremy Grant, Hanoi*

■ MISSING FROM CAIRO

N Korea ambassador 'defects'

A senior North Korean diplomat may have defected after disappearing from his post as ambassador to Egypt on Friday and possibly fleeing to an unknown third country. Jang Seung-gil, who would be North Korea's first ambassador to defect, was due next month to complete a three-year term at the Cairo embassy, which plays a key role in the formation of North Korea's non-aligned policy. Egyptian authorities were alerted to his disappearance at the weekend, and a foreign ministry source said after an extensive search officials knew nothing of his whereabouts. *Mark Huband, Cairo*

NEWS: THE AMERICAS

Reform of bankruptcy law urged

By John Authers in New York

Credit card companies have launched a campaign for reforms to US personal bankruptcy law, in an attempt to combat bad debts, which are rising fast in spite of the strong economy. They expect legislation to be introduced in Congress next month.

Both Visa and MasterCard, the banking associations which dominate the credit card industry in the US and the rest of the world, want a switch to a "needs-based" system, in which debtors while receiving protection would still be required to continue repaying debts in proportion to their income. At present, US bankruptcy courts compare a potential bankrupts' assets (many of which are exempt) with their liabilities.

According to the credit card associations, which are lobbying for reforms in coalition with trade associations for the banking and retailing industries and credit unions, about a third of people filing for "chapter seven" bankruptcy, which allows all debt to be written off, have continuing income. They want the law to be changed so that such people have to continue with a debt repayment plan, based on their disposable income.

According to Tom Layman, Visa's chief economist: "Individuals who file for bankruptcy should receive the amount of relief they need: no more and no less. About $30bn of debt was wiped out as a result of bankruptcy in 1996. That is $300 for every American household. That raised the price of credit and other things for US citizens. That cost has to be borne by someone."

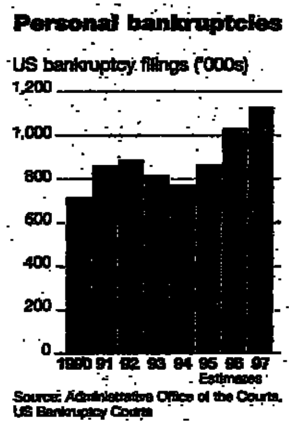
Research also suggests that attitudes to bankruptcy have changed. A Visa survey of bankrupts published earlier this year found that the social stigma that once attached to bankruptcy had "weakened substantially, if not disappeared entirely".

It found that 66.4 per cent found the bankruptcy process "easy", while 26.5 per cent would consider filing for bankruptcy again. More than 10 per cent had filed for bankruptcy once or more before.

More than 1m people successfully filed for bankruptcy in the US last year, in most cases wiping out all of their credit card bills in the process, while Visa projects that 1.12m will be declared bankrupt this year.

This continued a rising trend, with the total number of Americans filing for bankruptcy more than doubling over 10 years. In 1981, when the economy was in recession, only 314,700 filed for bankruptcy, while as recently as 1987 the figure was as low as 490,100.

Personal bankruptcies



Source: Administrative Office of the Courts, US Bankruptcy Courts

This has led to higher charge-offs for bad debt across the credit card industry, which have bitten heavily into profits.

US weighs lessons of Dallas boom and bust

To Mr Roger Staubach, the perils of irrational exuberance are as real as they appear to any central banker. The 55-year-old Texan has experienced triumph and disaster through two different careers.

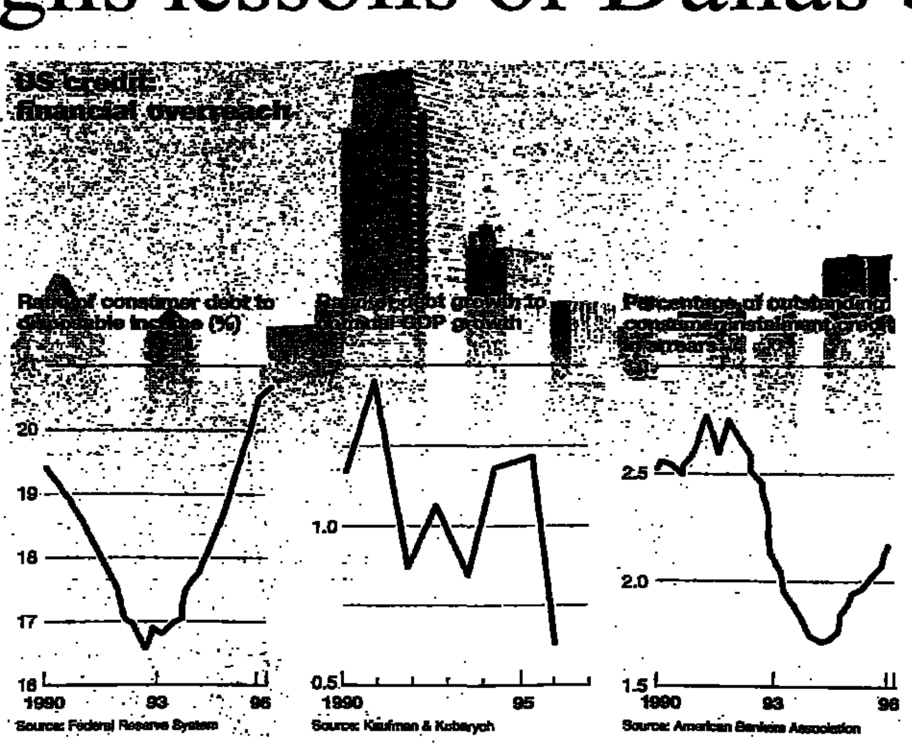
As the quarterback for the Dallas Cowboys professional football team at their unbeatable best in the 1970s, he was a national hero.

When he had thrown his last game-winning pass in 1979 he moved, with exquisite timing, into the property business in his home city. In the early 1980s, the Dallas property explosion was just beginning. Real estate growth in the next few years was exponential. It was the new Texas oil rush, and Mr Staubach hit paydirt.

But within a few years, real estate prices collapsed, the economy weakened and a full financial crisis erupted. "We had a booming economy, bankers willing to lend, and people who didn't really believe in the laws of supply and demand back then," he laughs.

Mr Staubach's experience is a sobering reminder that, for all today's bullish talk of new economic paradigms and the end of the business cycle, it is usually just when things seem they could not get any better that they suddenly get much worse.

In the late 1980s, as they are today, economists and stock market analysts were musing aloud about whether the US economy had experienced a revolution. Eight years of sustained strong growth between 1981 and 1989 led to much talk of a new paradigm.



What destroyed the complacency then was an age-old phenomenon – financial overreach. Widespread overconfidence led to overambitious investment plans, fuelled by prospects of speculative gains – all of it, crucially, financed by large amounts of debt.

Are there any signs of the same kind of imbalances emerging in the current expansion, now nearly as old as that of the 1980s?

Dallas was then a metaphor for the US economy as a whole. Its boom started with a sharp increase in oil prices, but soon spread to all sectors. Most strikingly, real estate prices rocketed as investors were readily supplied by banks with large quantities of cash.

"It was like the bubble economy in Japan," says one businessman. "We had a mini-Japan here; everyone investing in booming real estate with debt getting out of control."

In the US as a whole, corporate and personal debt levels reached post-war records in the late 1980s. As companies borrowed, the money they invested found its way into more questionable areas, notably real estate. Corporate borrowing as a proportion of corporate gross domestic product rose from 98 per cent in 1984 to 125 per cent in 1990. Corporate debt as a percentage of equity reached a post-war high.

Household debt rose from 65 per cent of disposable income in 1984 to 95 per cent in 1990. Towards the end of the decade mortgage delinquencies soared.

Today, as then, in Dallas and the rest of the country, debt is rising. Credit sales are up sharply – the retail sector is reporting its strongest growth for a decade, much of it driven by debt.

"We're seeing demand and employment growth well above even what we had in the 1980s. That's created very high levels of confidence," says Rick Douglas, chairman of the Dallas Chamber of Commerce.

Nationally, there are clear signs that the renewed confidence has begun to drive up debt. Total borrowing as a proportion of household income is back to levels seen in the 1980s. The cost of servicing that debt has risen sharply too.

But on the other hand, there are few signs the debt levels have risen out of control. At the corporate level, companies' debt-to-equity ratio is still well below what it was in the 1980s.

And the real estate market has seen nothing like the boom of a decade ago. With property prices having risen steadily but unspectacularly, mortgage arrears have dropped steadily in the 1990s, and are now at their lowest level for 25 years.

"I think everyone learned their lessons in the 1980s," says Mr Staubach. "People are more cautious now – borrowers, developers, and especially banks." Overall, that caution is best seen in the ratio of the growth in total debt to growth in the economy's total output. That ratio hovers around 1 today, having averaged over 2.5 in the 1980s.

This more sustainable pattern of growth is not just explained by a new puritanism among Americans, however. Perhaps most important has been monetary policy, with the Federal Reserve taking timely action to stop imbalances growing in credit markets. When borrowing began to rise sharply in 1994, the central bank stepped on the brakes, raising interest rates by 3 percentage points in a year.

Yet none of this means asset price inflation is dead. One very obvious risk remains.

In a little over two years, stock prices have doubled. That pace of growth usually injects enormous confidence into consumers and businesses. So far, there is no evidence of what has happened in the past – borrowing on the strength of increased equity prices to fuel investment and consumption. But if Americans eventually succumb to the temptation, the chances of some kind of 1980s re-run would grow substantially larger.

□ *Additional reporting by Heather Bourbeau*

Gerard Baker

Main guerrilla army appears to have accepted Samper plan

Rebels to join Colombia talks

By Sarita Kendall in Bogotá

Samper: framework for talks

Colombia's main guerrilla army appears to have accepted President Ernesto Samper's latest proposal to try to hold peace talks, based on the creation of a combat-free zone. The president's initiative also won the support at the weekend of business, political and church leaders.

Although the Revolutionary Armed Forces of Colombia, Farc, has shown some interest in the proposal, the more radical National Liberation Army, ELN, is not expected to respond positively to the initiative. Farc's position is a boost for the president; it had previously said demilitarisation of certain areas was a condition for negotiations.

In spite of the weekend developments, substantial obstacles remain. Mr Samper has been careful to clarify that this first stage of the peace initiative would only provide the opportunity to establish a framework for talks.

The government's earlier inclusion of paramilitary groups as participants in the peace process and its insistence that the guerrillas should not interfere with the electoral process have been criticised by Farc.

The new proposal reflects the government's weakness in the face of a guerrilla onslaught to disrupt local elections scheduled for October 26, followed by presidential elections in the first half of next year.

The registrar general, the government's top electoral official, has said voting will not take place in 10 municipalities and the number is expected to grow. There will be no voting in these municipalities because there are no candidates; the guerrillas have successfully intimidated many standing for mayor and local councillor posts by kidnapping and threatening candidates – some have even been killed.

In the last two years more than 20 mayors and 140 councillors have been murdered.

Senator Jose Cristo, a close associate of the president, was killed earlier this month, apparently by guerrillas belonging to the ELN. The armed forces and police say they do not have enough personnel to protect candidates.

Campaign offices and local branches of the election authority have also been destroyed in several towns. Guerrillas have set up road blocks in order to seize documents so that people will not be able to vote.

The idea of combat-free zones is not new; a similar plan was implemented in June to allow Farc to free 70 soldiers and marines. But demilitarised zones remain controversial and the president's current initiative is the first time it is being used to pave the way for peace talks.

General Harold Bedoya was removed from his armed forces command by Mr Samper because he was known to be a critic of this policy.

Farc and ELN guerrilla armies control substantial chunks of Colombia's territory and have a presence in at least two-thirds of the country's municipalities.

Israel eyes broader economic horizons

The central bank and the finance ministry are united over liberalisation, writes Judy Dempsey

Another set of foreign currency restrictions was swept aside last week when the Bank of Israel, the country's central bank, announced measures to move the shekel closer to full convertibility.

The measures, unveiled by the bank governor, Jacob Frenkel, and Yaakov Neeman, finance minister, signal a determination to integrate Israel into the global economic system.

They will give companies and private investors the chance to diversify portfolios and weaken the power of the few large conglomerates which dominate the economy.

The move also shows the central bank and finance ministry are working together for the first time in several years, with both institutions committed to a liberal economy with less state intervention.

Renewed co-operation is particularly timely, analysts say.

The economy slowed to an annualised growth rate of 1.8 per cent during the first half of this year, compared with treasury forecasts of 2.5 per cent for the year. And unemployment surged from 6.9 per cent at the end of last year to 7.8 per cent at the end of June, its highest level for more than three years.

Mr Frenkel said the removal of foreign currency controls would make the economy more flexible.

Over the coming weeks restrictions on Israeli companies' investments abroad will be lifted. Until now companies could invest only up to 15 per cent of sales, or 25 per cent of capital, in foreign stocks.

Israeli banks will be able to buy shekels from overseas banks in exchange for foreign currency, ending a policy which limited them to exchange transactions within the local banking system. Analysts said this could increase shekel trading.

The measures will also sweep away curbs on mutual or provident funds investing in foreign securities. Last month the central bank raised the ceiling on such investments from 10 per cent to 50 per cent.

Provident funds, one of the principal vehicles for Israelis' long-term savings, are managed by local banks. The 308 funds comprise the largest single institutional investor in Israel, and held Shk12.8bn ($3.6bn) of shares and convertible bonds in this year's first quarter, equal to 9.2 per cent of the Tel Aviv share market.

But it is unclear if investors will take advantage of the new liberalisation measures for these funds. Israel withholds at source a 35 per cent tax on all returns on investments in foreign securities, a rate which applies even to foreign securities held by pension and provident funds.

In contrast, capital gains from trading securities on the Tel Aviv stock exchange are exempt from taxation. It is therefore not surprising that Israelis hardly invest in foreign securities; last year individuals and companies held only $718m in foreign securities.

A special commission headed by David Brodet, former director general of the finance ministry, suggested last year that the level of taxation be reduced to 20 per cent.

But even that cautious proposal was blocked by a coalition of government officials and trade unionists who believed it would weaken the shekel and lead to large capital outflows.

"If we look at this latest set of reforms, they are a step in the right direction," said Zev Golan, associate director of the Jerusalem-based Institute for Advanced Strategic and Political Studies (IASPS), a liberal think-tank.

"They will allow Israelis to invest elsewhere and allow foreigners to invest more in Israel, making both of them less dependent on the small number of powerful financial-industrial conglomerates which dominate the economy."

But Mr Golan and other analysts believe the government of Benjamin Netanyahu should go further in lifting foreign currency restrictions.

A paper published last month by the IASPS* demonstrates the extent of the existing barriers and calls for greater international diversification of the economy.

The authors, Jonathan Lipow and Yakir Plessner from the Hebrew University, point out that Israelis are still barred from buying foreign real estate. Furthermore, the amount of foreign exchange households may buy for travel abroad is restricted to $1,000. And pension funds cannot hold foreign securities in excess of 5 per cent of their assets.

The authors argue that doing away with foreign currency restrictions would benefit Israel by encouraging diversification of Israeli investments abroad and greater international investment in the country.

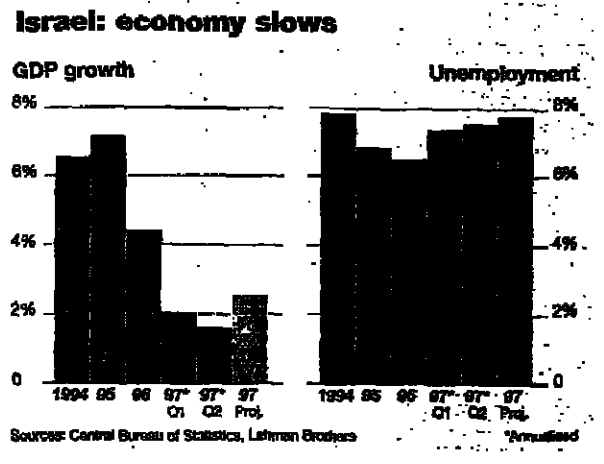
"There would be lower exposure to risk on the part of Israeli investors, resulting in more aggressive and ambitious management of Israeli firms and greater international ownership of Israeli assets, which would facilitate the reduction of concentrated ownership in the Israeli economy."

The central bank admits full convertibility has not yet been achieved but says it is committed to continuing the reforms.

"It takes time, but we are getting there," a central bank official said. "The more important thing now is that the bank has support for its liberalisation policies from the finance ministry and the prime minister."

*Why Israelis should be allowed to invest freely abroad and how to accomplish that policy. IASPS Policy Studies Number 29. July 1997

Israel: economy slows



Sources: Central Bureau of Statistics, Lehman Brothers

Benjamin Netanyahu (left), Israeli prime minister, with his Japanese counterpart, Ryutaro Hashimoto, in Tokyo yesterday. Mr Netanyahu is on a trade mission to Japan AP

CENTRAL BANK TO INCREASE KEY RATE

Israel's central bank yesterday said it would lift the key lending rate it charges commercial banks in September by 0.7 percentage points to an annualised 13.4 per cent, Avi Machlis reports from Jerusalem.

The move came in response to rising inflationary indicators, the Bank of Israel said.

The bank said it had decided to raise the rate because recently released figures showed inflation heading towards the upper limit of the government's 7-10 per cent target for 1997, while money supply (M1) was also on the increase.

The rate rise was the first since July last year. The central bank has gradually lowered interest rates since then.

Dutch consortium splits

A consortium which was seeking to run a third mobile telephone service in the Netherlands has broken up, blaming government delays and internal discord, writes Gordon Cramb in Amsterdam.

EnerTel, a grouping of energy utilities and cable television companies, had planned to bid for the franchise in conjunction with Orange of the UK, Germany's Deutsche Telekom, and investors including ABN Amro, the country's biggest bank. But it said yesterday that although all wanted to win the licence, the consortium was being disbanded.

"There was disagreement on how to obtain the licence and what to do afterwards," EnerTel said. "We originally expected an auction before the summer, but parliament still has to discuss a new law for telecoms, and the licence is part of that."

The transport ministry, which oversees the industry, said that while there had been a delay, parliamentary approval was likely by the end of the year.

EnerTel was awarded one of two licences for basic fixed-line services, which last month brought the first competition to the core market of KPN, the privatised post and telecoms utility. KPN also operates the country's biggest GSM mobile service, where the sole challenger so far is Libertel, in which Britain's Vodafone and ING, a Dutch financial group, have stakes.

The licence shortly to be offered is for a system based on DCS1800, a variant on the GSM standard. But its approval has been caught up in the overhaul of wider legislation affecting the industry, made necessary by the government's phased deregulation of telecoms.

Congo businessman held

Jose Endundo, head of the Congo's business federation, has been arrested in the capital, Kinshasa, business associates said yesterday, Reuters reports from Kinshasa. No official explanation has been given for the move.

"He was taken away on Saturday afternoon by four soldiers. Up until now no reason has been given for his arrest," an associate said.

Mr Endundo was elected head of the Congolese Business Federation (FEC) earlier this year and is also chairman of the successful national airline, Congo Airlines.

He joins more than 30 business leaders, directors of state enterprises and former associates of former President Mobutu Sese Seko who have been detained by the new government of President Laurent Kabila since he seized power in the former Zaire in May after a seven-month rebellion.

Last week Bemba Saolona, a former head of the then Zairean business association Aneza, now renamed the FEC, was released after a month's detention.

In June Mr Kabila's government sacked all directors of state enterprises who held posts under the former president, arresting several of them on charges of mismanagement and corruption. Mr Kabila said in a public address to the nation that detainees would not be released until they had given a detailed account of how the country's vast resources were pillaged during 32 years of corrupt rule by Mr Mobutu and his political elite.

Unlike many former allies of the ousted dictator, Mr Endundo was in contact with Mr Kabila and his AFDL movement long before they overthrew the Mobutu regime.

NEC and Cray resume supercomputer hostilities

In a curious reversal of roles, Japanese electronics companies, frequently criticised for conspiring to keep competition out of their home market, are accusing the US of being protectionist and its government procurement market of being unfairly closed.

Last week's decision by the US Department of Commerce to hit NEC with anti-dumping duties of 454 per cent, Fujitsu with a lower but equally damaging 173 per cent and all other Japanese supercomputers with duties of 313.5 per cent confirmed fears among Japanese manufacturers that the US authorities are intent on keeping them out of the market for government procurement at all costs.

NEC, the company at the centre of the dispute, has stood its ground against charges of dumping and insisted its winning bid to supply the National Centre for Atmospheric Research (NCAR) with its SX-4 supercomputer was fairly priced. In an unusually aggressive move, NEC responded to dumping charges by Cray, the leading US producer, with a counter suit and called for a permanent injunction against the anti-dumping investigation launched by the Commerce Department.

NEC claimed the department's investigation was not impartial.

The battle between NEC and Cray to supply government organisations with a supercomputer goes back to the 1980s, when Cray was a vociferous critic of the Japanese government's procurement activities. It claimed these unfairly favoured Japanese suppliers.

The US company, a leader in supercomputer development, was able to rally the efforts of US trade authorities in addressing its difficulties. The row that ensued eventually led to an agreement that called for greater access to Japan's government procurement market by foreign competitors.

This time, however, the roles have been reversed.

NEC claims it was able to win the bid to supply the NCAR with its supercomputer because, in large part, of the speed with which its SX-4 model is able to make advanced calculations.

The company says its model allowed the NCAR to simulate weather conditions around the world over 125 years in just nine days. If the same simulation was to be made with the Cray/C90, which the NCAR currently uses, the estimates would take about a month.

Executives at NEC feel Cray filed its charges against the company in an effort to stall NEC's expansion in the US at a time when its own development was trailing that of its Japanese competitor.

"Cray is about two years behind NEC, not because of lagging technology but due to a lack of development funds," said one NEC official. For example, Cray did not have the direct access to chip development technology that NEC had as an integrated electronics maker, he said.

"Development costs make up a large part of supercomputers' costs but we can share these with mainframe development costs," said Tadashi Watanabe, general manager of the supercomputer marketing division at NEC.

NEC officials also believe Cray has a special grudge against the company. When NEC, which launched its first supercomputer in 1983, began expanding in the Japanese market, it was forced to look for custom from public institutions. Unlike domestic competitors Fujitsu and Hitachi, NEC was a relative latecomer to the market and did not have the strong business connections needed to compete in the private sector.

At about the same time Cray was looking to expand in the Japanese market and came up against NEC in its bids for government contracts. Since NEC did not have a large customer base for its models it also looked overseas for business and competed against Cray there as well.

Since the US-Japan friction over supercomputers has eased, Cray has managed to install a number of its models in Japan.

So far NEC has sold 10 units in North America and 12 in Europe. But the company has not sold a single supercomputer to a US government organisation.

The anti-dumping duties do not come into full force until the International Trade Commission rules that there has been material injury to the US industry. A judgment on the issue is expected in October. However, the anti-dumping charges have effectively halted US business for Japanese supercomputer makers.

Naoki Sato, industry analyst at Deutsche Morgan Grenfell in Tokyo, said that although Japanese companies, which are all integrated electronics manufacturers for which supercomputers comprise a small part of their overall business, would not suffer any squeeze on their profits as a result of the ruling, supercomputers were a technology driver which they would be keen to pursue as part of overall research and development activities.

A sale to a prestigious public organisation in the US, the market leader for supercomputers, would have been a coup for NEC.

Barring that, the company, which admits it will have to reconsider its US strategy, is examining the possibility of conducting the highly complex calculations required by US customers in Japan and sending the results back on-line to the US.

Michiyo Nakamoto

'Cray is about two years behind NEC, due to a lack of development funds'

INTERNATIONAL ECONOMIC INDICATORS: BALANCE OF PAYMENTS

Trade figures are given in billions of European currency units (Ecu). The Ecu exchange rate shows the number of national currency units per Ecu. The nominal effective exchange rate is an index with 1985=100.

UNITED STATES

	Exports	Visible trade balance	Current account balance	Ecu exch. rate	Effective exch. rate
1986	231.0	−140.6	−155.8	0.9836	81.4
1987	220.2	−131.8	−145.6	1.1541	71.9
1988	272.5	−100.2	−108.4	1.1833	67.0
1989	330.2	−99.3	−94.6	1.1017	70.0
1990	309.0	−79.3	−72.1	1.2745	66.7
1991	340.5	−53.5	−4.8	1.2391	65.7
1992	345.9	−65.2	−43.5	1.2957	64.4
1993	397.3	−96.7	−77.6	1.1705	66.3
1994	432.3	−127.0	−112.6	1.1867	65.1
1995	452.3	−122.8	−99.9	1.2928	61.2
1996	499.0	−135.9	−118.3	1.2526	64.4
3rd qtr.1996	122.8	−37.2	−34.0	1.2613	64.4
4th qtr.1996	128.6	−34.8	−28.4	1.2557	65.0
1st qtr.1997	140.6	−38.8	−35.0	1.1713	68.3
2nd qtr.1997				1.1386	69.2
July 1996	40.2	−12.6	n.a.	1.2563	64.6
August	41.5	−11.5	n.a.	1.2688	64.1
September	41.1	−13.0	n.a.	1.2587	64.7
October	42.7	−11.1	n.a.	1.2538	65.0
November	42.9	−10.7	n.a.	1.2706	64.4
December	43.0	−13.0	n.a.	1.2428	65.5
January 1997	43.2	−14.3	n.a.	1.2105	66.7
February	46.9	−13.5	n.a.	1.1587	68.9
March	50.8	−10.9	n.a.	1.1447	69.5
April	50.7	−12.1	n.a.	1.1401	70.4
May	50.1	−13.2	n.a.	1.1444	68.9
June			n.a.	1.1312	68.4

JAPAN

	Exports	Visible trade balance	Current account balance	Ecu exchange rate	Effective exchange rate
1986	208.8	94.2	87.2	165.11	127.7
1987	194.7	83.7	75.5	166.58	138.8
1988	218.7	79.8	67.0	151.51	153.7
1989	245.5	70.6	53.4	151.87	147.0
1990	220.0	50.0	28.5	183.94	132.5
1991	249.4	77.7	67.4	166.44	143.7
1992	256.6	96.2	86.7	164.05	150.7
1993	300.3	118.6	112.4	130.31	181.0
1994	325.0	121.7	110.5	120.99	194.9
1995	331.1	101.3	85.3	121.43	204.8
1996	319.8	66.6	52.6	136.24	177.7
3rd qtr.1996	78.7	15.7	13.2	137.43	176.9
4th qtr.1996	80.4	17.0	13.1	141.72	171.2
1st qtr.1997	83.3	14.7	13.1	141.82	164.3
2nd qtr.1997	97.9	25.0	24.0	136.15	168.4
July 1996	26.7	4.6	4.3	137.21	176.8
August	26.6	6.2	6.1	136.84	178.2
September	25.4	4.9	2.8	138.24	175.7
October	27.1	5.5	4.4	140.92	172.2
November	27.1	6.7	4.7	142.64	171.3
December	26.2	4.8	4.1	141.59	170.2
January 1997	28.4	5.9	5.6	142.63	166.5
February	27.6	4.1	4.0	142.52	162.3
March	27.3	4.7	3.5	140.32	163.7
April	33.6	7.1	7.1	143.23	160.2
May	33.0	10.2	9.4	135.92	169.0
June	31.2	7.8	7.5	129.31	176.5

GERMANY

	Exports	Visible trade balance	Current account balance	Ecu exchange rate	Effective exchange rate
1986	248.5	53.5	41.6	2.1279	108.6
1987	254.4	58.8	40.6	2.0710	114.9
1988	272.6	61.4	42.4	2.0739	114.1
1989	310.1	65.1	51.5	2.0681	113.3
1990	324.6	51.8	38.3	2.0537	118.1
1991	327.6	11.1	−14.6	2.0480	117.1
1992	330.9	16.8	−15.0	2.0187	120.6
1993	325.2	30.6	−12.1	1.9337	125.3
1994	360.3	37.5	−17.8	1.9198	125.6
1995	405.5	46.6	−18.3	1.8509	132.1
1996	416.2	52.2	−11.1	1.8844	128.6
3rd qtr.1996	104.7	14.5	−6.7	1.8884	128.7
4th qtr.1996	105.9	13.9	−1.0	1.9217	127.0
1st qtr.1997	107.7	13.8	−4.4	1.9415	124.8
2nd qtr.1997				1.9511	123.3
July 1996	35.7	5.3	−3.2	1.8888	128.5
August	34.5	4.4	−3.2	1.8808	129.2
September	34.5	4.8	−0.3	1.8957	128.3
October	35.9	4.9	−1.2	1.9157	127.3
November	35.4	4.9	0.4	1.9207	127.3
December	34.7	4.1	−0.2	1.9266	126.2
January 1997	34.9	2.5	−5.2	1.9414	125.3
February	36.0	5.0	−0.7	1.9412	124.5
March	36.8	6.2	1.5	1.9418	124.5
April	35.7	5.6	1.6	1.9509	123.9
May	37.9	5.2	−1.3	1.9491	123.5
June				1.9534	122.4

FRANCE

	Exports	Visible trade balance	Current account balance	Ecu exchange rate	Effective exch. rate
1986	127.1	0.0	3.0	6.7946	102.7
1987	128.3	−4.6	−3.7	6.9265	102.7
1988	141.9	−4.7	−3.4	7.0354	100.6
1989	162.9	−6.3	−3.6	7.0169	99.6
1990	170.1	−7.2	−7.2	6.9202	103.8
1991	175.4	−4.2	−4.8	6.9643	102.1
1992	182.5	4.5	2.9	6.8420	105.4
1993	179.6	13.3	8.0	6.6281	109.1
1994	196.6	12.9	6.4	6.5659	110.1
1995	222.1	15.9	8.4	6.4460	113.4
1996	232.3	12.0	16.4	6.4088	113.3
3rd qtr.1996	58.3	3.2	4.9	6.4242	113.2
4th qtr.1996	59.1	4.2	4.8	6.4976	112.5
1st qtr.1997	59.3	4.7	7.2	6.5517	110.9
2nd qtr.1997				6.5788	109.6
July 1996	19.1	1.0	1.6	6.3965	113.7
August	19.6	1.4	0.7	6.4231	113.2
September	19.5	0.8	2.7	6.4532	112.8
October	20.5	2.3	2.3	6.4770	112.8
November	18.8	0.8	1.0	6.5001	112.6
December	19.9	1.1	1.5	6.5156	111.9
January 1997	19.2	1.6	3.2	6.5512	111.2
February	20.0	1.6	2.9	6.5539	110.6
March	20.1	1.5	1.0	6.5502	110.7
April	20.8	2.4	3.6	6.5715	110.3
May	20.6	2.5	3.4	6.5725	110.0
June				6.5923	109.1

ITALY

	Exports	Visible trade balance	Current account balance	Ecu exchange rate	Effective exchange rate
1986	99.4	−2.6	−1.4	1461.6	101.4
1987	101.0	−7.7	−2.1	1494.3	101.1
1988	108.3	−8.9	−8.0	1536.8	97.7
1989	127.8	−11.3	−17.0	1509.2	98.6
1990	133.6	−9.3	−18.0	1523.2	100.1
1991	137.0	−10.5	−17.7	1531.3	98.7
1992	137.9	−6.0	−21.5	1591.5	95.6
1993	144.9	16.1	9.7	1836.7	80.5
1994	161.4	18.8	13.1	1908.6	77.0
1995	181.0	21.6	21.7	2106.4	69.4
1996	198.5	35.3	33.5	1932.1	75.8
3rd qtr.1996	47.3	11.3	11.4	1918.4	76.7
4th qtr.1996	52.3	9.4	8.2	1911.2	77.6
1st qtr.1997	47.0	5.1	−7.1	1917.6	77.0
2nd qtr.1997				1924.6	76.3
July 1996	19.7	6.3	6.6	1918.1	76.6
August	11.9	3.5	3.8	1923.8	76.4
September	15.7	1.5	0.8	1913.2	77.0
October	19.1	4.0	4.0	1911.4	77.5
November	17.1	3.0	3.0	1922.6	77.2
December	18.1	2.4	1.2	1899.5	78.1
January 1997	14.3	0.9	−3.9	1896.7	78.2
February	16.0	2.0	−1.3	1918.8	76.8
March	16.7	2.3	−1.9	1937.9	75.9
April	17.8	2.1	1.1	1931.6	76.3
May	18.2	2.5		1925.6	76.3
June				1916.7	76.4

UNITED KINGDOM

	Exports	Visible trade balance	Current account balance	Ecu exchange rate	Effective exchange rate
1986	108.3	−14.2	−1.3	0.6706	91.1
1987	112.3	−16.4	−6.8	0.7047	89.3
1988	120.9	−32.3	−24.8	0.6643	94.7
1989	137.0	−36.7	−33.3	0.6728	91.9
1990	142.3	−26.3	−26.2	0.7150	89.8
1991	147.7	−14.7	−11.4	0.7002	90.5
1992	145.9	−17.8	−13.8	0.7359	87.1
1993	156.0	−17.3	−13.2	0.7780	79.9
1994	174.1	−14.0	−2.1	0.7736	80.1
1995	186.9	−14.1	−4.5	0.8190	76.2
1996	207.2	−15.7	−0.5	0.8026	77.5
3rd qtr.1996	51.4	−3.9	−0.5	0.8113	76.8
4th qtr.1996	54.9	−3.4	0.7	0.7670	82.1
1st qtr.1997	58.4	−2.9	2.0	0.7186	87.0
2nd qtr.1997				0.6960	89.5
July 1996	17.2	−1.6	n.a.	0.8085	77.0
August	16.9	−0.9	n.a.	0.8185	76.1
September	17.3	−1.4	n.a.	0.8070	77.4
October	18.2	−0.9	n.a.	0.7904	79.4
November	18.1	−1.3	n.a.	0.7642	82.6
December	18.6	−1.2	n.a.	0.7485	84.4
January 1997	19.6	−0.8	n.a.	0.7298	86.2
February	19.6	−1.1	n.a.	0.7132	87.5
March	19.1	−0.9	n.a.	0.7127	87.5
April	20.7	−1.4	n.a.	0.6997	89.4
May	20.2	−0.7	n.a.	0.7006	89.0
June			n.a.	0.6878	90.2

Due to the introduction of the single market, EC countries are currently changing to a new system of compiling trade statistics. All trade figures are seasonally adjusted, except for the Italian series and the German current account. Imports can be derived by subtracting the visible trade balance from exports. Export and import data are calculated on the FOB (free on board) basis, except for German and Italian imports which use the CIF method (including carriage, insurance and freight charges). German data up to and including June 1990, shown in italics, refer to the former West Germany. The nominal effective exchange rates are period averages of Bank of England trade-weighted indices. Data supplied by Datastream and WEFA from national government and central bank sources.

INTERNATIONAL NEWS DIGEST

South African GDP up 2.2%

South Africa's gross domestic product in the first half increased by 2.2 per cent against last year's period, helped by annualised growth of 2.6 per cent in the second quarter, according to government data released yesterday.

The second quarter rally follows an opening-period decline – the first in three years – when GDP fell by an annualised 0.8 per cent. Second-quarter results were slightly above the forecast of 2.4 per cent, but are unlikely to prompt a revision of estimates for the full year beyond their current range of 2-2.5 per cent.

The improvement will fuel hopes that an interest rate cut is imminent, and bring some relief to financial markets nervous that the country could be sliding towards recession.

Second-quarter figures were buoyed by an improvement in manufacturing output, which rose from 5.6 per cent in the opening period to 7 per cent, but weakened by a 5.3 per cent decline in the agriculture sector and a fall of 0.3 per cent in the public sector.

Nico Cyzpionka, chief economist at Standard Bank, forecast that inflation would continue to fall to about 7 per cent by year-end, which would give a full year average of 8.7 per cent. The rand "was not way out of line", and would lose 5-6 per cent in value by year-end, he said. *Mark Ashurst, Johannesburg*

■ KENYAN CRISIS

Moi meets IMF officials

Daniel arap Moi, Kenyan president, met officials from the International Monetary Fund yesterday to try to revive a $220m loan agreement halted last month because of unchecked official corruption. The talks in Mombasa heartened business leaders and financial markets, helping the shilling regain lost ground.

But the political backdrop to Kenya's mounting problems remained sombre as Mr Moi's ruling party boycotted the first day of talks with the opposition about pre-election reforms.

The IMF halted an Enhanced Structural Adjustment Facility (Esaf) on July 31, citing complaints over the East African country's rampant official corruption. Mr Moi, in power since 1978, at first played down the impact of the IMF move. But as the shilling plummeted and some foreign investors started pulling out, Mr Moi changed tack and personally asked Michel Camdessus, IMF managing director, to reopen negotiations.

An IMF team led by Goddal Gondwe, deputy director, arrived from Washington at the weekend and saw Mr Moi at his official residence in Mombasa early yesterday. President Moi said "useful discussions" were held with the IMF team. "He expressed hope that, following the talks, a solution will be found regarding the suspension of the Esaf to the country," the Presidential Press Service reported. Kenyan officials said the IMF team would meet key ministers before another meeting with Mr Moi tomorrow. *Reuters, Nairobi.*

■ ZAMBIAN POLITICS

Probe into Kaunda shooting

Zambian vice-president Godfrey Miyanda yesterday promised an investigation into Saturday's shooting of Kenneth Kaunda, former president, and another opposition leader.

Mr Kaunda's head was grazed by the same bullet that seriously wounded the opposition alliance chairman, Roger Chongwe. The two men were hit as they tried to drive from the scene of a cancelled opposition rally in Kabwe, 145km north of Lusaka.

Police fired tear gas at opposition supporters after the rally was cancelled. But police have denied firing live ammunition. Mr Miyanda said authorities were checking to see if police had fired on the opposition leaders and promised an investigation if they did.

Mr Kaunda alleged there had been a premeditated assassination attempt.

After the re-election last year of Frederick Chiluba, president, Mr Kaunda's United National Independence party, which ruled from independence in 1964 to the first multi-party elections in 1991, joined forces with Mr Chongwe's Liberal Democratic Front and three other opposition groupings in a civil disobedience campaign. *AP, Lusaka*

NEWS: UK

Foreign secretary to chair meeting as criticism mounts over minister's handling of the situation

Cook to take charge of Montserrat crisis

By David Wighton, Political Correspondent

Robin Cook, the foreign secretary, will today take charge of government action over Montserrat, following mounting criticism of Clare Short's handling of the crisis on the island.

In what will be widely seen as a rebuke to Ms Short, the international development secretary, Mr Cook will today chair a cross-departmental meeting of officials to co-ordinate government support for the Caribbean island, a British colony.

The meeting, which Ms Short will not attend, will consider funding further improvements to the infrastructure in the north of the island which is considered relatively safe from further volcanic eruptions.

Ms Short's apparent reluctance to commit more money to the island, but to offer financial assistance for inhabitants to leave, has provoked bitter criticism from Montserrat politicians and Labour backbenchers. George Foulkes, Ms Short's deputy, has faced accusations that be over-reacted to scientific evidence about the risk of further volcanic activity.

At the weekend she raised the temperature further by accusing the Montserrat government of "hysterical scaremongering". Arguing that calls for further financial assistance were unreasonable she said: "They will be wanting golden elephants next," a remark she subsequently admitted had been "unhelpful".

In an implicit admission that the government's response has been mishandled, Downing Street said Mr Cook's move would ensure "better co-ordination" across government departments.

Mr Cook said: "Our assistance strategy needs to be delivered speedily and effectively but requires co-operation across Whitehall."

Mr Cook's intervention is likely to cast a further cloud over the future of Ms Short, whose position was already seen as vulnerable in any ministerial reshuffle. Downing Street said the move was not prompted by Tony Blair, the prime minister, who returns to Britain today after a three-week holiday during which the government's media honeymoon has come to an abrupt end.

In addition to the Montserrat crisis, the government is facing increasing public opposition to the Greenwich millennium dome project, following the cancellation of a roofing contract which is expected to lead to a compensation payment of almost £500,000 to the German supplier.

Today's meeting on Montserrat will be attended by officials from the Treasury and the Bank of England as well as the Home Office, Foreign Office, Department for International Development and Ministry of Defence. The group will look at four areas: resettlement of Montserratians on other Caribbean islands; support for receiving islands; assistance to those wishing to settle in Britain and infrastructure improvements.

Tobacco sponsorship deals under scrutiny

By Nicholas Timmins, Public Policy Editor

The government is still examining the status of existing sport sponsorship contracts held by tobacco companies, Tessa Jowell, the minister for public health, said yesterday.

In a BBC radio interview she declined to confirm that existing contracts – some of which stretch to 2001 – will be honoured when the government legislates to ban tobacco advertising and sponsorship, probably in the next session of parliament.

Ministers have repeatedly made clear that sport will be given both "time and help" to wean itself off tobacco cash, a statement widely taken to mean that existing contracts would be allowed to run their course.

Ms Jowell yesterday said: "We are currently in the process of negotiating with sporting interests the future sources of sponsorship and the status of existing agreements."

Existing contracts were "currently a matter for negotiation", she said, with an announcement due in this autumn's government policy paper.

Ministers remained determined, however, "to ensure that sport does not suffer as a result of the imposition of this ban", Ms Jowell said.

Any decision to halt an existing contract would inevitably lead to demands for compensation from the sports affected.

While ministers are examining whether National Lottery cash could be used to help replace tobacco money for sports which face difficulties, they are unlikely to want to incur additional bills by closing contracts early.

The Tobacco Manufacturers Association claimed there had been a change of heart, but Ms Jowell insisted there had been "no change of heart, back-sliding or anything else".

John Carlisle, the former Conservative MP who is now executive director of the Tobacco Manufacturers Association, appealed for the government to think again. Tobacco accounts for between £8m to £10m ($16.3m) of sports sponsorship, he said.

Reuters

William Hague, the leader of the opposition Conservative party, and his fiancée Ffion Jenkins, with dancers at London's Notting Hill Carnival. Yesterday was the final day of the biggest event of its kind in Europe

Police group launches independent review of drugs laws

By Nicholas Timmins, Public Policy Editor

An independent inquiry into the UK's drugs laws is being launched by the Police Foundation, the think tank, with backing from the Prince's Trust, the youth charity founded by the Prince of Wales.

The two-year inquiry, funded by a number of charities, will examine the possiblity of tougher enforcement, decriminalisation, legalisation and greater use of some drugs for medicinal purposes across the range of substances covered by the 1971 Misuse of Drugs Act. It will not examine alcohol, tobacco or solvents.

The 13-strong panel includes two senior police officers – John Hamilton, the chief constable of Fife in Scotland and Denis O'Connor, an assistant commissioner with London's Metropolitan Police. Other members include Rudi Forston, a leading drugs lawyer, Professor Alan Maynard, the health economist, Professor Bernard Williams, the moral philosopher and leading figures in psychopharmacology, social work and rehabilitation. It will be chaired by Viscountess Runciman, who chairs the Mental Health Act Commission and who was for 21 years a member of the government's advisory council on the misuse of drugs. The inquiry, she said, was neither "a covert attempt to smooth the path to legalisation" nor "a device to bolster a law that may be perceived as failing to best service those it is meant to assist".

Lord Harris of Greenwich, chairman of the Police Foundation trustees executive committee, said it was the role of bodies such as the foundation "to tackle questions which have become impractical for the political agenda".

Announcement of the inquiry comes amid heightened debate on drugs in recent weeks, with calls for both tougher enforcement and greater liberalisation. Plans for it have been drawn up over the past 18 months following the 1994 call by the Association of Chief Police Officers for more and better research on the effects of enforcing present legislation.

Bill Saulsbury, the foundation's assistant director, who will act as the committee secretary, said the inquiry would start by looking at the original intent of the legislation, and examining the evidence for changes to the law based on experience in the UK and abroad. An independent and objective review in an area where there is little consensus was long overdue, the foundation said.

Editorial Comment, Page 9

Factories chosen in Toshiba expansion

By Peter Marsh

Toshiba, the Japanese electronics company, has selected the UK as its European centre for making microwave oven components, in a move that marks a significant expansion of its two plants in Plymouth, on the southern coast of England.

The development – which is expected to add up to 100 jobs to the 1,300 it employs at the factories – will entail switching production of parts previously made in Japan to the UK. Toshiba is also planning to increase its production of TV sets in Plymouth by about 15 per cent over the next few years.

The company makes 650,000 sets a year in the UK – making it Britain's fourth biggest producer.

Toshiba's microwave project involves magnetrons – key devices in microwave ovens which provide the heat source. Toshiba is among the world's biggest makers of these devices.

Until a few months ago Toshiba based its European magnetron business on devices made in Japan and then sold to Europe-based microwave producers.

But under its new strategy it is making 700,000 magnetrons a year in Plymouth, with annual output due to rise to 2m within 18 months.

The magnetron production line employs 40, with this figure due to rise to 100. Investment in switching manufacturing from Japan is put at £1m ($1.6m).

Current output of magnetrons from Plymouth is worth about £15m a year. Total annual production from the plants – is valued at more than £200m.

Toshiba considered other sites in Europe – believed to be south Wales and France, before deciding to locate its magnetron production in Plymouth. Behind the decision was the availability of capacity at Plymouth and the productivity record of Toshiba's UK operations.

London is rated best for business

London is still regarded as the best city in the UK for business, with Birmingham the second most popular, a report showed yesterday.

Black Horse Relocation Services surveyed nearly 1,000 businessmen and asked them to grade cities according to a range of relocation factors.

Availability of a quality workforce was ranked as the top priority for companies on the move by nearly 50 per cent of respondents.

Other key results included:

- Newcastle, in the north-east, was the best city for cost and availability of business property and overheads for the third year running. Nearby Sunderland rose to equal first for cost and availability of property.
- Birmingham, the second-largest city in England, remained highly rated for transport network followed by London and Manchester, in the north-west.
- Belfast, the Northern Ireland capital, and Cardiff, the Welsh capital, did well on the availability of government incentives.
- As in 1996, London, Birmingham and Manchester were rated highly on overall business environment.
- Cities such as Edinburgh, the Scottish capital, and Oxford, in southern England, took first and second position for quality of personal life, but did not figure highly on the rankings for other harder business factors.

Economists split on Emu success

By Wolfgang Münchau, Economics Correspondent

UK economists are deeply divided over the benefits of the single European currency, but most expect European economic and monetary union to go ahead as scheduled in 1999.

A panel of 12 senior economists from universities and UK financial institutions differed sharply over whether Emu will turn out to be a success, but most agreed it will start on time with a broad membership base.

The panel was questioned by the European Movement, the pro-European pressure group, but also included a number of prominent Eurosceptic commentators, including Tim Congdon, managing director of Lombard Street Research, and Patrick Minford, professor of economics at Liverpool University.

Three economists said Emu would be postponed, citing political difficulties in Germany's ruling coalition. Only two economists, Alison Cottrell, executive director of PaineWebber, and Jeremy Peat, chief economist of the Royal Bank of Scotland, broke ranks with the majority view that Emu would start with a wide membership of up to 11 countries.

Only two said Emu would be an unqualified success, while the others argued that success depended on factors such as labour market reform and Franco-German political consensus.

CONTRACTS & TENDERS

PUBLIC NOTICES

UNILEVER N.V.
Rotterdam, The Netherlands

EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS

ON MONDAY 22ND SEPTEMBER 1997

at 09.30 am at the offices of the Company, Weena 455, Rotterdam

AGENDA

1. Opening
2. Amendment to the Articles of Association of the Company with respect to the split of ordinary shares of four guilders into shares of one guilder and the abolishment of type A share certificates in respect of ordinary shares (k-certificates).
3. Closing

The Agenda and the proposal to amend the Articles of Association are available for inspection by shareholders and holders of certificates issued by N.V. Nederlandsch Administratie- en Trustkantoor at the Company's office, Weena 455, Rotterdam, and at the office of the Bank mentioned below, where copies may be obtained free of charge.

(A) Holders of bearer shares wishing to attend the meeting either in person or by proxy appointed in writing must deposit their share certificates by Tuesday 16th September 1997 at the Company's office or at the office of the Midland Securities Services, Client Delivery, Midland Bank plc, Mariner House, Pepys Street, London EC3N 4DA or any of its branches. Upon production of the receipt then issued to them such holders will be admitted to the meeting.

(B) Holders of registered shares for which certificates have been issued in another form and holders of booked shares wishing to attend the meeting either in person or by proxy appointed in writing must notify the Company of their intention by letter, stating the numbers of the share certificates or of the bookings for the shares, which must reach Unilever N.V., Afdeling Effecten en Coupons, Weena 455, Rotterdam, the Netherlands, by Tuesday, 16th September 1997.

(C) Holders of certificates for shares in Unilever N.V. issued by N.V. Nederlandsch Administratie- en Trustkantoor of Amsterdam, "Nedamtrust certificates", wishing to attend the meeting without taking part in the voting must deposit such certificates by Tuesday, 16th September 1997 at any of the offices mentioned in (A) above. Upon production of the receipt then issued to them, such Nedamtrust certificate holders will be admitted to the meeting.

(D) If holders of the certificates mentioned in (C) above wish to exercise voting rights at the meeting either in person or by proxy appointed in writing, N.V. Nederlandsch Administratie- en Trustkantoor will exchange such certificates free of charge for original shares, which it will hold in the names of such holders at its own office (such office being designated place of deposit in the event) and exchange the same again after the meeting free of charge for Nedamtrust certificates to be issued to such holders in accordance with the conditions of administration of these certificates. For such purposes holders must by Monday, 15th September, 1997 surrender their certificates for Fl. 4 or a multiple thereof (but, in the case of certificates for 7% cumulative preference shares, representing a total nominal amount of Fl. 1,000 or a multiple thereof) to N.V. Nederlandsch Administratie- en Trustkantoor, Herengracht 420, Amsterdam. The certificates so surrendered must be accompanied by a form obtainable free of charge from N.V. Nederlandsch Administratie- en Trustkantoor, Amsterdam. Upon production of the receipts then issued holders will be admitted to the meeting.

Rotterdam, 26 August, 1997 THE BOARD OF DIRECTORS

TECHNOLOGY

Alarm in a hot spot

Smoke detectors save lives – but at a cost of frequent false alarms. Now US researchers are developing a fire detector that promises not to sound the alarm every time someone burns the toast.

The approach taken by the researchers at Purdue University in Indiana is to detect flames by sensing their temperature. The advantage is that the alarm can respond more quickly than smoke detectors, which do not go off until the smoke reaches them.

The idea of using heat to detect fires is not new. But the Purdue detector attempts to eliminate false alarms by using a sophisticated computer program to analyse the "infra-red signature" of the flames. This works because the intensity of light from uncontrolled flames fluctuates in a different way from that of common household flames such as candles, gas cookers or cigarette lighters.

The radiation from the flame is detected using fibre optics. The detector does not have to "see" the flame directly, because it can pick up reflections from a fire off the walls. A single, central detection unit could be used to provide cover for an entire building, by running optical fibres to each room.

There are still several issues to be resolved. One problem – which is shared by conventional smoke detectors – is that the alarm would be triggered by flames in an open fireplace. A possible solution would be the make the device "blind" to certain spots in the room. The device also needs to be made more sensitive if it is to pick up smouldering fires. The researchers have set up a company called En'Urga at Purdue, which plans to bring the detector to the market within three to five years. They expect its first application to be in big warehouses – but it will subsequently be developed for the home.

Vanessa Houlder

Robots roll up their sleeves

Automation is plugging a labour shortage in Japan's construction industry, writes **Michael Fitzpatrick**

The construction worker's wolf whistle may turn out to be his swansong as robots prepare to muscle in on the construction site in much the same way that they colonised the car factory.

Japan, which operates two-thirds of the world's industrial robots, is leading the revolution. In a country where 95 per cent of the workforce sees itself as middle class – even plumbers make call-outs in business suits – it was inevitable that Japan would be among the first to introduce automation to factories. A labour shortage during Japan's boom years also put automation in big demand.

Now that there is less money in Japan for automation and research, the human element is returning to the automakers' shop floor. However, there are still some jobs the Japanese are reluctant to do, boom or bust.

Despite a lingering recession, the labour shortage in the Japanese building industry remains acute. Construction companies short of workers are finding delays in work schedules irritating. Young Japanese, they complain, class construction work as highly undesirable, even though wages are comparatively high and other work is hard to find.

In the search for more muscle power on the building site Japanese robot suppliers, with support from the big construction companies, are developing robots that they hope will eliminate much of the human element from construction work.

The keys to adapting existing industrial robot technology for the construction site, say robotics experts, are mobility, stability and autonomy.

In a big step towards fulfilling these criteria Honda recently unveiled an autonomous human-configured robot capable of walking over rough, uneven terrain, resembling that typically found on construction sites. Honda worked with Japan's Agency of Industrial Science and Technology (Aist) and the robot represents the fruition of years of robotic research.

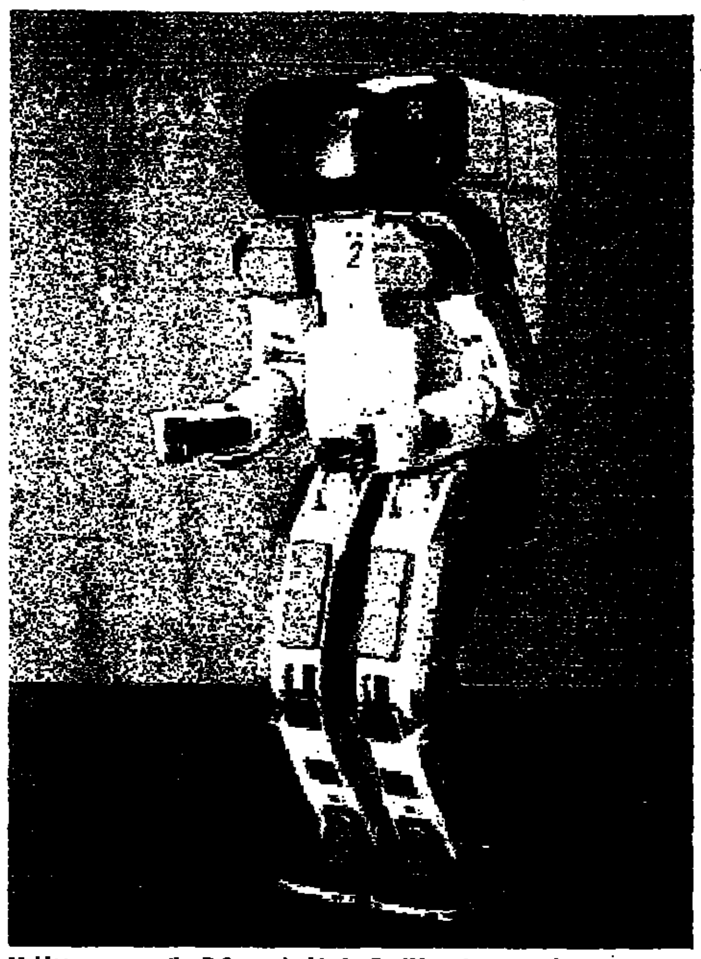
The results are impressive if a little short of mechanical breath – the battery-operated machine works for only 15 minutes at a time. The 210kg, 1.84m P-2 has two arms, two legs, a squarish head and resembles a man in a boxy space suit.

As with the US Sojourner rover currently picking its way around rocks on Mars, P-2's circuitry is sophisticated enough to decide for itself when to try to step over an obstacle and when to find an alternative route.

P-2 can stabilise itself, push carts around and even tighten bolts – all without human interference. Nobuhiko Kawamoto, Honda's president, says it has great potential in the construction industry and elsewhere. "The robot is one of Honda's most challenging technical themes. We intend to continue development and see what practicable purposes we can put the robot to," he says.

Meanwhile, a group of scientists working at the Tokyo Graduate School of Engineering may have solved the mobile robot's power puzzle. It has developed a robot that can plug itself into power units as it goes along.

Until researchers perfect a biped robot self-sufficient in power – and that is still a long way off – the construction industry's most effective mobile robots come with multiple legs and a cord supplying the power and instructions. In some cases, inspiration has come from the animal world. Perhaps the most celebrated of Japan's construction robots is the Spider, made by Komatsu, the construction machinery manufacturer. It is a giant eight-legged robot which is used to level the sea bed before the start of bridge construction. The versatility of this design is suited to adaptation for other construction jobs, says Komatsu.



Making progress: the P-2 can decide for itself how to proceed

In fact, four-legged designs have been found to be particularly suitable for construction jobs as they have a flexibility that no wheeled machine can match.

The Tokyo Institute of Technology, working with Tokyu Construction, has developed a robot that can climb steep inclines and can keep its balance on uneven terrain using flexible hoof-like extensions at the ends of each of its four legs. Acute slopes, steeper than the robot's independent scaling ability of 15°, are scaled using a steel line much as a spider uses silk to climb.

The 1.5m long, 80kg robot is still in the development stage but Tokyu hopes to have a larger version of the prototype ready soon for use on dangerous repair jobs on hillsides or along motorways. It says the robot could be used to mount drills or other tools for on-site work, or even carry construction materials to the top of a steep incline.

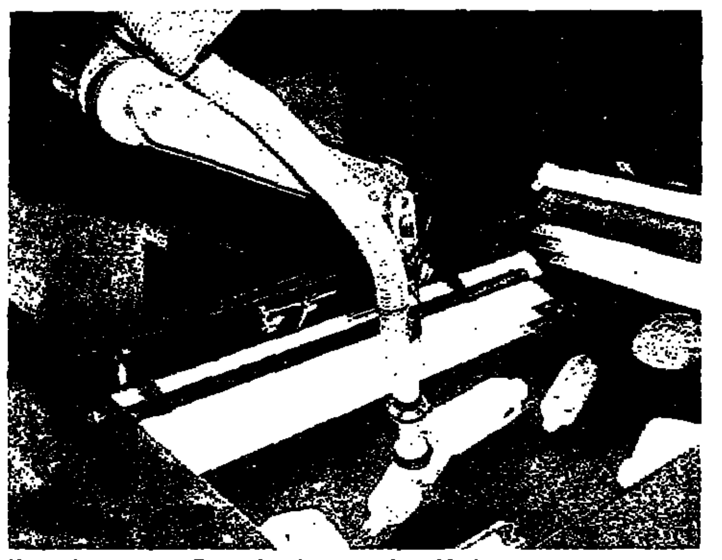
Many other prototype construction robots exist for a variety of applications such as drilling, spraying, concrete finishing or even the assembly of steel building structures.

The type of robot already employed in the construction trade looks more like a car wash than an automaton. The common feature is an ability to save labour by roughly 50 per cent, compared with previous manual-based methods.

Leading the way in cutting labour needs are Fujita and Kawasaki Heavy Industries, which have jointly developed a fully automated welding robot system for welding steel skeleton pillars in construction projects.

Conventional robots used for this job perform only the welding work itself, and the operator has to remove slag and clean nozzles by hand. The new system fully automates the entire series of welding processes, from sensing and reading out the co-ordinates of the welding parts to the removal of non-metallic substances generated in the welding process, such as slag.

Site workers may not welcome the extra competition from robots in what is already a precarious trade. But in countries where labour is plentiful and cheap these expensive machines will find it much harder to find work.



Handy for recycling: Pellenc's robot sorts the rubbish

Making sense of rubbish

Mechanically separated waste may reduce dumps, says **Anna Kochan**

Robots may be used to help France accomplish its target of eliminating waste dumping sites by 2002. Rather than being dumped, the rubbish will be separated into types by robots, ready for the recycling process.

One company offering such a solution is Pellenc, whose robots are more frequently used for picking grapes or peaches than for handling empty beer cans and wine bottles.

The company has developed the necessary sensing systems for a robot to separate various types of household packaging, including different colours of glass and plastic bottles, cardboard drink cartons and aluminium cans.

The household waste is tipped on to a conveyor belt which brings it, item by item, to the robot station. A colour video camera first determines the location, shape and transparency of the object. The item is then picked up by an articulated robot arm using a suction cup.

During the handling procedure, sensors in the suction cup identify metal objects by testing for electrical conductivity. Other sensors identify glass items using impact analysis; they "listen" to the sound made when the item is tapped. Once the nature of an object has been ascertained, it is deposited in the appropriate recycling bin.

Plastic packaging – which is all that remains to be identified – stays with the robot gripper. The final stage in the analysis cycle uses infra-red light to determine the type of plastic the object is made from. It is able to distinguish between PVC, PET or HDPE (high-density polyethylene), polystyrene and polypropylene.

Sales of the robot sorting system are currently in negotiation, although none have yet been confirmed, says Antoine Bourely, Pellenc's manager of robotics.

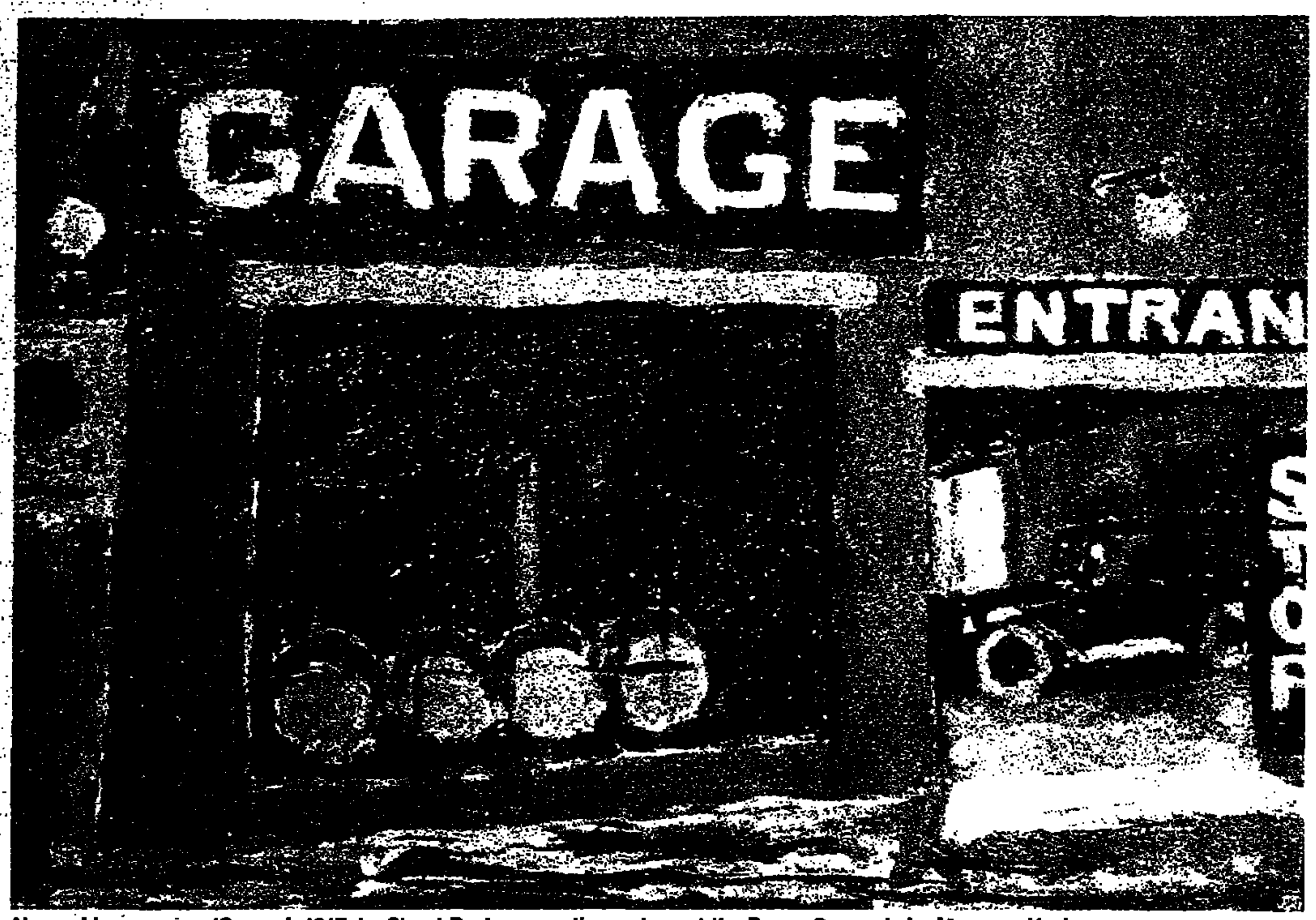
He estimates that a sorting line comprising two robot modules, running on a three-shift basis, would be able to handle 1,500 tonnes of waste packaging a year – roughly the amount of rubbish produced by a population of 100,000. Additional modules can easily be added to raise capacity.

The more one looks into the history of art, especially modern art, the more one realises that reputation is a fickle and arbitrary beast, the creature quite as much of the expediences of the market and the politics of criticism as of actual quality and achievement.

American art supplies an obvious example. For, from the late 1950s well into the '70s, so strong was the critical promotion of abstract Expressionism and American Pop Art that one might reasonably have supposed there was no American art worth *speaking of before* 1950. Even the early transitional work of such newmade stars as Jackson Pollock and Mark Rothko was suppressed. Others, such as Jasper Johns and Andy Warhol, sprang, as it were, from nowhere. European or earlier American roots or influences were suspect.

Yet while the nonsense of such absolutism has long been exposed, its effects linger on. Even now the robust pre-war figurative tradition of such as Bellows, Sloan and *Reginald Marsh is* largely ignored, while the work of others, such as Hopper and Sheeler, is celebrated more by being shoehorned into relevance to what came later than strictly on its merits.

The case of Stuart Davis, an artist who died in 1964 at the age of 72 and whose career thus touched significantly on both the pre- and post-war periods of American art, is particularly acute. For it has long been merely as an odd forerunner of Pop Art that he has commanded anything more than passing interest. Certainly that case is there to made, for his interest in commercial packaging and household objects, and the formal pictorial use he put them to, goes back at least as far as a painting he made as early as 1921, "Lucky Strike", of a packet of cigarettes. He sustained that interest throughout his life, and in his late work of the 1950s, dense and subtle in its references and yet so elegantly simple in its statement, the debt variously owed to him by such artists as Johns, Roy Lichtenstein, Howard Hodgkin and Patrick Caulfield, is more than obvious.



Always his own man: 'Garage', 1917, by Stuart Davis, currently on show at the Peggy Guggenheim Museum, Venice

A neglected true original

It is time to recognise the talent of US artist Stuart Davis, argues **William Packer**

This Venice exhibition shows us at last that there is so much more to Davis than just his having hit upon a source of imagery that others would exploit more fully. Small as it is, it gives us the artist whole, that we may follow him through what is at first an extremely rapid development and a long and fruitful maturity.

The young Davis is a confident figurative painter working in the manner of late-Impressionism that edges towards Fauvism and Expressionism, rich in the paint and ample in the handling. He was precocious enough to contribute to the Armory Show in New York in 1913, by which he came to know the work of the Fauves, Matisse and Van Gogh in particular. His work of that time also has a decided affinity with that of Munch and even early Mondrian, and he was already working with the louche street, café and cabaret imagery, which interest he shared with Bellows, Marsh and Hopper.

But a dour, simple and yet rather lovely painting, the "Garage" of 1917, clearly prefigures the way he would make peculiarly his own, though it would take several years, a digression into Van Gogh-like Expressionism and a close and instructive look at Picasso's later Cubism, with its collage elements and simpler forms, to establish it. For there in the "Garage" are the simple, abutted, rectangular forms, flat to the picture-plane, there the open, dead-pan reference to the mundane life, and there the label, the brand-name.

In all this work through into the 1920s, and in the Picasso-esque works especially, we find in the young Davis an open and sophisticated pictorial intelligence at work, in no way parochial but unselfconsciously taking up contemporary example within an international context, and turning it to its own purposes. It is curious how often, in looking generously to others, an artist finds himself.

From this point on, through the brand packets and domestic still-lifes, to the street scenes and café paintings, the posters, the labels and the landscapes, moving close at times to formal abstraction but never quite losing the pictorial reference, Davis is never anything but his own man. Do we see something of Dufy in those streets and harbours, Leger in those cafés and still-lifes, the Mondrian of "Broadway Boogie-Woogie", or the late Matisse of the *papiers collés* in those extravagantly lively collage-like compilations of labels and letter-forms? Perhaps: but we see them all transformed on Davis's own terms.

Davis has still to receive his proper critical due as a true original and one of America's more important artists of our century. Abroad he is hardly known. The Tate, for example, has no painting of his at all. Though this admirable exhibition does not travel to London on its tour, which is a pity and our loss, it does begin to set the record straight. And who would not choose to see it in Venice, while there is still time?

Stuart Davis – Retrospective: the Peggy Guggenheim Collection, Venice until October 5. Then on tour to Rome, Amsterdam and Washington.

Antony Thorncroft on the Perrier comedy awards in Edinburgh

They must be joking

The best comedy act on the Edinburgh Fringe wins the Perrier Award. It is not big money – £5,000 would not tempt top comedians out *of their* concessional closets – but it can lead to gigantic money. Past Perrier winner Frank Skinner, on hand to distribute the prizes on Saturday night, admitted to making £500,000 net this year, and he was not playing *fantasy football. He gave the* award to The League of Gentlemen and no-one disagreed too openly.

As usual the Perrier judges have to decide between the unusual, but not particularly funny, represented this year by virtual newcomer Johnny Vegas; the traditional comic with lots of laughs but less cutting edge than an English cricket bat, in the form of Milton Jones; two character comedians Al Murray, who purports to be "governor" of a red-neck London local boozer, and Graham Norton, who comes across, well is, a gay Irishman with "lick-me" charm; and The League of Gentlemen who seemed to have stepped out of the Cambridge Footlights, but wearing studs on their boots.

The League are a quartet, *three of whom perform* the sketches, with bow ties and bounce. Their appeal is that they trample all over political correctness and happy endings. As Legs Akimbo, a drama for schools' troup, their "it's good to be gay" playlet is badly holed by their bickering prejudices; a northern comedian dies the death in London. League of Gentlemen subvert the political and social certainties of the traditional comedy audience, and although some of their sketches are dead in the water, they take humour into newish territory.

Milton Jones delivers more laughs a minute, cleverly switching from comic characters, some of whom, like his senile explorer, are spot on, some, like the reveries of a tenpenny piece, miss the mark, to conventional *stand-up patter* like "I was not popular at school; I was rushed to hospital with 80 per cent Chinese burns."

Al Murray's in-your-face publican, has acquired pathos and has some good political jokes – "the Welsh are getting an Assembly – terrific, because they love singing hymns" – but becomes relentless over the hour. In contrast, with weaker material, Graham Norton shows the importance of personality in winning over an audience. It is gentle stuff in the "I'm Irish and gay, so I'm expecting a lottery grant any minute" mould – but you really like him. Johnny Vegas, a bloated Elvis Presley clone, who menacingly describes himself as "not a singer – an entertainer" split the Perrier judges down the middle – a dangerous blast of fresh air, or a one stroke moaner. His aggression towards the audience, critics, life itself, is the act, but it is too malevolent to be convincing. You guess he is a pussycat beneath the bluster.

This year's Perrier shortlist produced a good crop of talent, but the comedy scene is definitely changing. With no political Aunt Sallys to knock, and the public bored rigid with comics rambling on about their tedious lives, there is a much broader range of approach, subject and wit. Jokes are in; postering out. Edinburgh remains supreme as the forcing ground for humour, not only for newcomers but also for established performers crying out for new material. This ranged from Kit and the Widow, to Sean Hughes, via Frank Skinner. Kit and the Widow scored a direct hit with Dodi courting Diana in song, but also pointed to new targets with "Mandelson's song with no words." Frank Skinner confirmed that with a cheeky, confiding manner, you can penetrate every sexual taboo, and Sean Hughes has become one very troubled man. The chirpy Irish prankster is now a dark, sardonic, misanthrope, terrified of relationships and shaking a Lear-like fist at religion, love, and life. Either he is a most convincing actor or someone has upset him badly.

The Perrier is regarded as a lift-up rather than a full-hearted acknowledgment of the funniest act in town. On merit this would go to Bill Bailey who can win over an *audience with his grin.*

He just does not care - parodying such right-on figures as Billy Bragg and then satirising progressive rock. His lecture on how cockney music has influenced the great composers, including Beethoven and Mozart, lifts him beyond the fringe and into the Festival, a Festival, which, since the heady days of Beyond the Fringe seems to have lost contact with wit. Bailey deserved the Perrier but does not need it.

Talent scouts, from American as well as from British television, have been trawling Edinburgh as ever.

London Weekend Television is introducing this year the LWT comedy writing award. Stand-up comedians are fine, but limited; much better to sign up writers who can deliver good material for comedy shows for years.

Edinburgh Festival

Ariadne reunited with Molière

Eighty-five years ago, Richard Strauss and his playwright-librettist Hugo von Hofmannsthal wrote a one-act opera, *Ariadne auf Naxos*, as a thank-you to the producer Max Reinhardt for his help with *Rosenkavalier*. The *Ariadne*-tribute was to be embedded as a "divertissement" – *a long one!* – in a Reinhardt production of Molière's *Le bourgeois gentilhomme* in German.

That is more or less what the Edinburgh Festival has just given us, triumphantly in collaboration with Scottish Opera and the Nottingham Playhouse. Sensibly, the director Martin Duncan had the prose comedy played in English, the opera-within-the-play in German with English surtitles. It took nearly four hours – but that was a great advance over Reinhardt's, which took six.

One saw and heard *Ariadne* as never before: this original version in its intended setting gets revived only about once in a generation. The much-loved *Ariadne* that prevails is the later, all-operatic version, devised by the authors when they realised that a costly play-*plus*-opera was never going to enjoy many performances.

There, an operatic Prologue replaces the play, setting out the situation. The "richest man in Vienna" (no longer Molière's "Monsieur Jourdain") has hired a serious young composer *and* a *commedia dell'arte* troupe to provide his evening's entertainment, and now insists that their contributions must be played simultaneously – so as to finish before the fireworks.

That seems to preserve Hofmannsthal's original inspiration: a fractious confrontation between *opera seria* and popular vaudeville, exalted Love and practical love-making, poetry and prose. Thanks to Edinburgh, however, I now realise that the much-loved rewrite loses a crucial dimension (though it gains a lovely mezzo role for the Composer).

It is common operatic lore that the all-singing *Ariadne* tilts the piece toward lofty, quasi-Wagnerian romance, with the comedians only a tacky sideshow (despite Zerbinetta's coloratura showpiece). In fact the difference *goes deeper. In the new* Prologue, the new figures of the Composer and his wise old Music-master, stage-realistic, are also operatic figures in the same refined genre as Ariadne and her Bacchus, as against the "vulgar" fooling of the *commedia troupe*.

Thus we are nudged into accepting the artificial terms of opera even before we come to the *Ariadne*. Whereas on the original conception, everybody in the play just talks, with some allusive orchestral commentary: the only songs that are sung are sung as *songs*, not parts of the drama. When eventually the two-faced *Ariadne* goes on, it is expressly an artful *divertissement, a jeu d'esprit*.

The operatic *monstres* are neither more nor less "artificial" than the comics – the two parties are equally set at an ironic distance. The first version stresses that by bringing the comedians back at the end to deflate the operatic raptures; then the whole show evaporates, leaving the Rich Man dazzled and blinking alone, wondering where his guests have gone. The last notes we hear are not Ariadne's *or* Zerbinetta's, but his own farcical *music from the original* overture.

Duncan's staging showed a fine sense for these things. Jeremy Sams' updated version of the play is even freer than Hofmannsthal's trimming of Molière. Though the snobbish old jokes about *parvenu* pretensions made heavy going at the outset, Sam Kelly's invincible innocence as Monsieur Jourdain was a disarming antidote; and soon Duncan was enlivening the action with fanciful visual jokes (designs by Tim Hatley) and Sean Walsh's choreography.

The opera boasted a fetching Zerbinetta in Lisa Saffer, fearless in her extravagant roulades, and a splendidly ringing Bacchus in John Horton Murray. Though the upper reaches of Ariadne's role taxed Anne Evans a little, she sang with moving sincerity. More jaunty vulgarity from the conductor Richard Armstrong in the comedians' music would have been welcome, but he controlled the whole score with a sure hand.

This was a rare and illuminating experience. After it, the familiar revised *Ariadne* is going to seem slightly overblown and out of kilter. Strauss and Hofmannsthal *knew perfectly well what* they were doing first time round; *Ariadne* Mark 2 is really a bit of a makeshift.

David Murray

Illuminating experience: Lisa Saffer and Anne Evans in the Scottish Opera/Nottingham collaboration

INTERNATIONAL ARTS GUIDE

■ BERLIN

CONCERTS
Konzerthaus Tel: 49-30-203090
Berlin Symphony Orchestra: conducted by Eliahu Inbal in works by Korngold, Ligeti and Beethoven, with cello soloist Peter Bruns; Aug 28

■ EDINBURGH

Edinburgh International Festival
Tel: 44-131-473 2000
CONCERTS
● Bank of Scotland Fireworks Concert: Brad Cohen conducts the Scottish Chamber Orchestra in the traditional Festival finale. The programme includes Shostakovich's Festival Overture, works by Handel and J Strauss. If you can't get a ticket, try the view from Carlton Hill; Aug 28
● Black on White: by Heiner Goebbels, whose jazz, rock and world music influenced compositions have won him European celebrity, although he remains *a relative unknown in the* UK. This piece, subtitled *Music Theatre for Eighteen Players*, is performed by Ensemble Modern, with sets and lighting designed by Jean Kalman, costumes by Jasmin Andreae; Royal Lyceum Theatre; Aug 29

DANCE
Nederlands Dans Theater III: Tears of Laughter, choreographed by Jiří Kylián. Sister company of Nederlands Dans Theater 1, formed for mature dancers. Programme of five separate works; Edinburgh Playhouse; Aug 28, 29

THEATRE
● The Cherry Orchard: by Anton Chekhov. After the success of last year's Uncle Vanya, Peter Stein returns to Edinburgh with Chekhov's most famous play, in a Salzburg Festival production seen there in 1995 and 1996. Jutta Lampe is Ranyevskaya. Performed in German with supertitles; Edinburgh Festival Theatre; Aug 28, 29
● Measure for Measure: by Shakespeare. Directed by or Stéphane Braunschweig. Unlike The Winter's Tale, which was Braunschweig's French language contribution to the 1994 Festival, this production, staged by the Nottingham Playhouse, is in *English; Royal Lyceum Theatre;* to Aug 26

■ LONDON

CONCERTS
BBC Proms, Royal Albert Hall
Tel: 44-171-589 8212
● *BBC Singers: conducted by* Bo Holten in a programme which includes works by Brahms and Schoenberg; Aug 28
● BBC Symphony Orchestra: conducted by *Oliver Knussen in a* programme which combines English and American folk songs and includes the European premiere of Elliott Carter's Allegro scorrevole; Aug 26
● John Dankworth: conducts The Dankworth Sextet, BBC Big Band and BBC Concert Orchestra in a joint seventieth-birthday tribute to Gershwin and Duke Ellington, with Cleo Laine; Aug 29
● Leipzig Gewandhaus Orchestra: conducted by Sir Neville Marriner in a programme which includes the UK premiere of Hans Werner Henze's Second Sonata for Strings, Mendelssohn's Violin Concerto in E minor, with soloist Leila Josefowicz, and Schubert's Symphony No. 9; Aug 27
● Leipzig Gewandhaus Orchestra: Alfred Brendel performs the Piano Concerto in A *minor Schumann wrote for his* wife. The programme includes works by Wagner and Mendelssohn and is conducted by Sir Neville Marriner; Aug 28

EXHIBITIONS
Tate Gallery
Tel: 44-171-887 8000
Mondrian: Nature to *Abstraction* – a series of drawings and paintings of trees and the sea, executed in Paris before 1914, forms the core of this exhibition of works loaned by the Gemeentenmuseum in the Hague. The 60 works selected trace the artist's development *towards the mature abstraction of* his famous grid paintings; to Nov 30

■ LUCERNE

International Festival of Music
Tel: 41-41-210 3080
CONCERTS
● Adrienne Soós and Ivo Haag perform piano duets by Schubert; at the Union; Aug 26
● András Schiff: recital of Schubert piano sonatas; at the Union; Aug 26, 28
● Anne-Sophie Mutter performs works by Brahms, accompanied by Lambert Orkis; at the von Moos-Stahl-Halle; Aug 27
● Royal Concertgebouw Orchestra: conducted by Riccardo Chailly in works by Keuris, Rachmaninoff and Stravinsky; with piano soloist Arcadi Volodos; at the von Moos-Stahl-Halle; Aug 26

OPERA
Jakob Lenz (1977/78): by W. Rihm. Performed by the *Opernensemble und Chor* des Luzerner Theaters and the Luzerner Sinfonieorchester AML. Conducted by Peter Kuhn in a *staging by Reto Nickler; at the* Luzerner Theater; Aug 26, 28

■ NEW YORK

EXHIBITIONS
Museum of Modern Art
Tel: 1-212-708 9480
Objects of Desire: The Modern Still Life – beginning with Cézanne, including masterpieces by Matisse and Picasso, and culminating with Pop art and *contemporary* works, this exhibition traces the art of this century through the various and evolving representations of objects; ends today

■ SALZBURG

Salzburg Festival
Tel: 43-662-844501
CONCERTS
Arditti Quartet: in a programme including works by Pintscher; at the Mozarteum; Aug 27

OPERA
● Die Entführung aus dem Serail: by Mozart. New production. Conducted by Mark Minkowski and directed by François Abou Salem with designs by Francine Gaspar. With the Mozart Orchestra Salzburg and the Konzertvereinigung Wiener Staatsopernchor; at the Residenzhof; Aug 28
● Die Zauberflöte: by Mozart. Christoph von Dohnányi conducts a new production by Achim Freyer. With the Vienna *Philharmonic and the* Konzertvereinigung Wiener Staatsopernchor; at the Felsenreitscule; Aug 26, 28
● La Clemenza di Tito: by Mozart. Conducted by Gustav Kuhn, directed by Ursel and Karl-Ernst Herrmann and designed by Karl-Ernst Herrmann. With the Camerata Academica Salzburg and the Konzertvereinigung Weiner Staatsopernchor; at the Kleines Festspielhaus; Aug 27, 29

THEATRE
Jedermann: by Hugo von *Hofmannsthal. Revival of* Gernot Friedel's production, designed by Imre Vincze; at the Domplatz; Aug 26, 29

■ TANGLEWOOD

Tanglewood Festival
Tel: 1-617-931 2000
CONCERTS
The Handel & Haydn Society: conducted by Stanley Ritchie in a programme which includes Vivaldi's *Four Seasons*. With mezzo-soprano Lorraine Hunt; Ozawa Hall; Aug 27

JAZZ
Chick Corea and Gary Burton, on piano and vibraphone; Ozawa Hall; Aug 29

■ VERONA

OPERA
Arena di Verona
Tel: 39-45-800 5151
● Aida: by Verdi. Conducted by Nello Santi (Roberto Tolomelli on Aug 28, 31), in a staging by *Gianfranco de Bosio, revived by* Susy Attendoli; Aug 28
● Macbeth: by Verdi. New production designed by Pier Luigi Pizzi, with choreography by Gheorghe Iancu. Conducted by John Neschling; Aug 26
● Rigoletto: by Verdi. Conducted by Nello Santi (Roberto Tollomelli on Aug 27 & 30), in a revival of Lotfi Mansouri's staging; Aug 27

■ WASHINGTON

THEATRE
Wolf Trap Tel: 1-703-218 6500
West Side Story: 40th anniversary *production of the Bernstein/* Sondheim musical; Aug 26-31

WORLD SERVICE

BBC for Europe can be received in western Europe on medium wave 648 kHZ (463m)

EUROPEAN CABLE AND SATELLITE BUSINESS TV

(Central European Time)

MONDAY TO FRIDAY

NBC/Super Channel:

07.00
FT Business Morning

10.00
European Money Wheel
Nonstop live coverage until 15.00 of European business and the financial markets

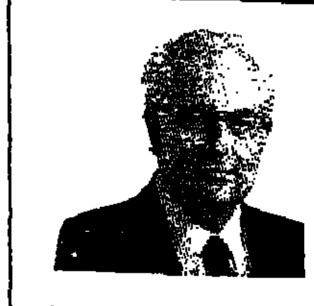
17.30
Financial Times Business Tonight

CNBC:

08.30
Squawk Box

10.00
European Money Wheel

18.00
Financial Times Business Tonight



Martin Wolf

The ethics of capitalism

All the most important policy debates concern conflicts between two different value systems, that of merchants and that of 'guardians'

In a market economy, one buys and sells. So why not buy the services of ministers and judges? Capitalism also means the right to compete. So why not hire gangsters to force competitors out of business? These are not fantastic examples. There are countries in which it is as easy to purchase a judge as a factory and as natural to drive a competitor out by force as by superior performance.

Edouard Balladur, when prime minister of France, complained that the market is "the law of the jungle". This is the reverse of the truth. Markets need a web of constraints on both the state and private agents.

Mancur Olson of the University of Maryland has noted that bazaars have appeared virtually everywhere throughout history. Successful market economies differ from them in the scale and nature of investment activity. This depends, in turn, on borrowing and lending. Trades over extended periods of time will only be made if people feel safe from arbitrary exaction or default.*

So a thriving market economy has a symbiotic relationship with the state. If a ruler is too weak, his subjects will be at the mercy of competing bandits, each trying to seize as much as he can before his rivals do. If a ruler is strong, however, he will gain from not slaughtering the goose that lays his golden eggs. This is why autocracy, with its monopoly of large-scale violence, is better than anarchy.

Yet even an autocrat will have an interest in containing his fiscal demands and providing needed public goods only if doing so will increase his wealth and power. At heart, he remains an oppressor, in Prof Olsen's phrase, a "stationary bandit".

If the state is to do better, its interests must be aligned with those of the people at large. Democracy is potentially the answer. But a democracy consumed by a contest among interest groups is unlikely to generate prosperity. Equally, the state's agents must fulfil public purposes, rather than their own. The danger of corruption of either the democratic process or public servants can be reduced by a mixture of entrenchment of individual economic rights, design of appropriate institutions, and inculcation of desirable values.

Economists are uncomfortable with talk of values. Yet a society in which everyone, including public servants, automatically does whatever he or she hopes to get away with would offer its citizens a life that was "nasty, brutish and short".

In a fascinating book, Jane Jacobs, who had previously provided a powerful critique of post-war urban planning, ventured to analyse the values that underpin civilised societies.** Her central insight is that they depend for success on a symbiosis between two sets of values: those of the guardian and those of the merchant. These correspond, in turn, to two ancient ways of making a living: plunder and trade.

The values of guardians are those of warriors and kings on the one hand, and priests and bureaucrats on the other. Guardians are concerned with territorial control and value obedience, tradition, hierarchy, loyalty and honour. Guardians see the relations between the area they control and those controlled by others as intrinsically hostile.

Merchants, by contrast, base their activities on voluntary agreement. They value honest dealing. They collaborate relatively easily with foreigners and believe in competition, innovation, diligence and thrift.

In societies run by soldiers or priests – or by a god-king, who is a combination of the two – merchants have low social status. In classical Hinduism, they came below the priest and the warrior. In ancient China, their place was humbler still.

In parts of Europe, however, the interests of merchants came to dominate states, with dramatic results for prosperity. As mercantile society advanced, so did the status of the bourgeoisie. This led, in some countries, to a socialist backlash. Communism, its extreme form, meant giving absolute power to guardians who were priests, soldiers and bureaucrats.

The inevitable failure of communism to make a success of commerce was, in turn, the harbinger of the present worldwide rise in the status of merchants. In modern China, for example, almost every organ of the state is trying also to become a business.

With their instinctive internationalism and individualism, mercantile values offer far more hope to humanity than the dirigiste and often xenophobic ones of guardians. There is a strong and predictable correlation between commercial freedom and economic performance.***

Yet liberty can itself be guaranteed only by the right sort of government. If, for example, the state is no better than a bandit or its agents sell their services to the highest bidder, essential public goods, including secure property, will be inadequately provided. Guardian values are an essential foundation of the institutions that underpin a commercial civilisation.

Virtually all of the contentious policy debates of today are concerned with guardians and merchants – and the interplay between them.

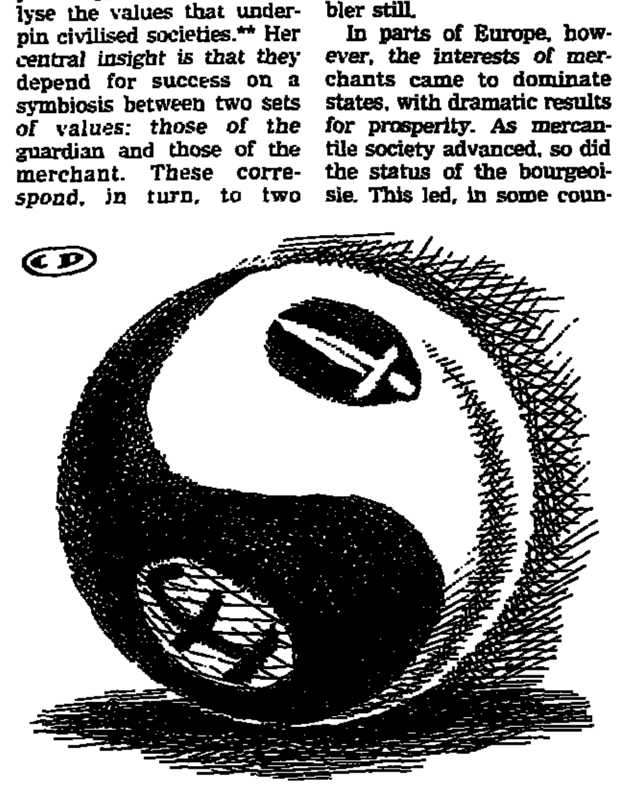
The transition from communism, for example, involves reconstituting relations between the state and commerce, where the arrogance of despotic guardians had corrupted the state and destroyed the market. It is no surprise that in a country like Russia, officials find it natural to sell their services, like merchants, as do businessmen to seize assets, like plunderers.

Similarly, corruption involves misuse or abuse of a guardian position for private gain, which undermines the capacity of the state to provide the services needed by a mercantile economy. The answer is well-paid and carefully structured guardian institutions that understand what commerce needs, but are not themselves imbued with commercial values. Merchants need honest courts, not ones they can buy.

Again, most worries about globalisation concern the role of states within an international mercantile system. It is no accident that the French, with their guardian tradition, view the merchants' triumph as the state's humiliation.

Throughout history those good at plunder have dominated those who made their living from trade and production. Recently, more sophisticated societies have emerged in which private people have been able to make the state serve their interests, rather than those of their rulers. By now, it should be evident to all but the purblind that wealth comes from healthy commerce, underpinned by a supportive state. Yet achieving this combination remains beyond the capacity of most countries on earth.

When thinking about reform, economists examine the interests at work and want to change incentives. They are right to do so. But they should not ignore values. Not everything should be for sale. Civilisation depends on establishing a mutually supportive relationship between guardians and traders. A first step towards it is recognition of the proper place of each.



Mancur Olson, Capitalism, Socialism and Dictatorship, University of Maryland, 1996, typescript;
***Jane Jacobs, Systems of Survival: a Dialogue on the Moral Foundations of Commerce and Politics (New York: Vintage Books, 1994);*
****Economic Freedom of the World (Fraser Institute: Vancouver, 1997)*

Personal View · Dominique Moisi

Confront the past

In dealing with history, and in diplomacy, morality is the best policy

"Tell me who your friends are and I shall tell you who you are." Goethe's famous dictum can be applied to the behaviour of nations: "Tell me the way with which you deal with your past and *I shall tell you who you are.*"

Such a comment would apply to one European country in particular at the moment, Switzerland. The Swiss are debating their behaviour during and after the second world war: what role did Swiss banks play in Nazi finances? Was Swiss "neutrality" truly neutral?

Such debates are part of a much larger question which will prove decisive for Europe's future, i.e. how the interpretation of a nation's past moulds its future.

Though there are many ways to deal with one's past, one rule applies in all cases. It is much more difficult to *confront a grey past than a* purely bright or totally dark one. In other words it is *easier to be British or German* than to be Swiss.

For the Germans, dealing with the past was paradoxically easy. There was no redeeming value in the Nazi period. Post-war Germans could only wish to break with such a barbarous and immoral period.

One can argue today that because they fully confronted their past, the Germans are more "vaccinated" than other European countries against non-democratic or imperial temptations. This "vaccination" constitutes a safety net for the future of Europe, as one witnesses with concern Germany's economic evolution and its inevitable post-Kohl political transformation.

In the same vein, it was as easy for the British to confront their wartime past, so obviously "their finest hour". Perhaps too fine: for nearly 50 years, the British in their relationship with Europe have remained prisoners of this moment of glory, compared with which the post-war years seemed pale indeed.

If one considers the majority of European nations, however, the colour that prevails is grey, in various shades. The French, led by de Gaulle have tended to rewrite their past, for de Gaulle made them believe that because he was great, *they too could be great.* This rewriting of history was *later complemented by François Mitterrand. By recognising* his own involvement in the Vichy regime, Mitterrand was implicitly saying that the majority of the Frenchmen who supported the Vichy regime were really not that bad since he had been among them.

Such ambiguous messages could only have one consequence: more than 50 years after the end of the war France has still not completely come to grips with its past, in which both resistance and collaboration played their parts.

Nations can recognise their past, rewrite it or hide it. Would it be too severe to *say Austria chose the last of* these options? Kurt Waldheim's own amnesia toward *his personal wartime history* epitomised his country's attitude toward its Nazi years.

Nations with tragic histories or unclear geographic and political identities are particularly prone to inventing their pasts in a mythical and ultra-nationalist manner. The "nations" of former Yugoslavia provide the perfect example.

Each nation is *sui generis.* Nevertheless, one can derive practical political lessons from the way nations tend to look at their pasts. These lessons strengthen the case of those who advocate moralism in foreign policy to the detriment of those who advocate absolute realpolitik. Just as with individuals, it "pays" for countries to recognise their sense of guilt towards others and to say openly: "I am sorry." The recent apologies of the British government to the Irish for not doing enough during the great famine of 1847 may do more for British-Irish relations than many a political negotiation. By contrast, Japan's inability for most of the post-war period even to acknowledge its responsibility for the suffering of occupied Asian countries has greatly hampered Japan's regional role in Asia. In other words, it is worthwhile even in terms of stark realpolitik to take account of the historical and political emotions of others.

If there is to be any reconciliation in the Middle East, *it will be because the Israelis* will have transcended their experience of Holocaust and the Arabs will have integrated it in their understanding of their Jewish neighbours. Equally decisively, Israelis will have to acknowledge the suffering which they inflicted on the Palestinians in the creation of the state of Israel, and apologise for their nation's more recent misdeeds.

The second lesson is that neutrality is never really "neutral", politically or morally. The neutrality of Switzerland during the second world war or the special status accorded to Finland during the cold war were possible only because the Allies resisted Nazi Germany and because the US ensured that western European countries did not themselves become "Finlandised".

The debate that has begun with Switzerland will soon engulf other neutral countries as well, such as Spain, Portugal and Sweden. (As if that were not enough, the Swedes are just starting to come to terms with the fact that their country was, for 40 years until the 1970s, sterilising women who had been deemed "undesirable".)

The painful national confrontations that lie ahead must be interpreted as positive, even healthy symptoms of a Europe coming together, for Europe will only exist one day if its nations have fully come to terms with their recent pasts.

The author is deputy director of the Paris-based Institut Français des Relations Internationales

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 5938 (please set fax to 'fine'). e.mail: letters.editor@ft.com Published letters are also available on the FT web site, http://www.FT.com Translation may be available for letters written in the main international languages.

Solar power is the alternative to fossil fuels – even in Aberdeen

From Mr Pete Roche.

Sir, Mr Derek Marnoch (Letters, August 22) is concerned about losses to the Aberdeen economy if exploration companies take their operations elsewhere. He says renewable energy sources "are not yet with us and that it seems pointless for the UK to volunteer to sit in the dark . . . ". Far from it.

BP Solar is the third-largest solar manufacturer in the world, with 10 per cent of the market. BP scientists have estimated that, by investing £350m ($570.5m) in a new solar "super" factory, it could make solar electricity competitive with fossil fuel-generated supplies and create 3,000 new jobs. At the sort of costs indicated, solar electricity would be economic throughout the world, even in Aberdeen.

Obviously, an immediate end to the use of fossil fuels would be impractical. But, given that we can only afford to burn one-quarter of existing fossil fuel reserves, continuing to explore for more oil does not make any moral or economic sense.

A sensible strategy for the Aberdeen Chamber of Commerce, under these circumstances, would be to seek alternative employment opportunities for those involved in exploration for new oil reserves. It is quite possible that BP, for example, will be at the forefront of new energy systems appropriate to the needs of the 21st century. BP may yet demonstrate that it is a forward-*thinking* organisation, and *the* leading oil company, by moving out of oil exploration and into solar and renewable technologies. If it grasps the nettle now, it will become a leading world-class solar company. If it does not, Japanese, German and US companies will capture the market.

John Battle, the UK minister for science, energy and industry, is reviewing the future of solar and other renewables. Why doesn't the Aberdeen Chamber of Commerce lobby for a new solar factory in Aberdeen to demonstrate its commitment to finding solutions to the problem of climate change?

Pete Roche,
Atlantic Frontier Campaign,
Greenpeace UK,
Canonbury Villas,
London N1 2PN, UK

Preserving the sacred from the profane

From Sir Stephen Hastings.

Sir, Christian Tyler's sympathetic piece "Fighting the profanities of mass tourism" in our cathedrals (August 16/17) will be of great interest to all of us engaged in fund-raising for our ancient churches.

Peterborough is arguably one of the two finest and purest Norman cathedrals in Europe, Durham being the other. We are struggling to raise £7.3m ($11.9m) for essential restoration and investment. Tourism has to be an important factor for us. A provincial new town, however hard it tries, cannot command the attractions of London, Paris or Prague, and we are bound to look a little wistfully at the problems of mass tourism.

But suppose it comes: how are we to protect the awe-inspiring and essentially uncluttered impact of the great nave, with its unique timbered roof, for the flow of visitors we so badly need?

We plan a completely new visitor centre, which we hope will encapsulate the cathedral's varied, violent and fascinating history: from the Viking assaults on the Abbey Church to Hereward the Wake's resistance to the Normans, its part as a refuge throughout the bloody anarchy of Stephen's reign, recorded here in the last and longest of the Anglo-Saxon chronicles, to the burial of Catherine of Aragon and temporarily that of Mary, Queen of Scots, and to the ultimate profanity and destruction wrought by Oliver Cromwell's soldiers.

If we can thus separate the story of Peterborough from the austere and unearthly quality of the church itself, perhaps we can preserve the sacred from the profane. But we are bound to anticipate the forthcoming arrival of the Eurostar at Peterborough with some eagerness. When and if it comes, we shall remember Mr Tyler's warning.

Sir Stephen Hastings,
Milton Hall,
Peterborough PE6 7AF, UK

Cigarette smokers retain right to sue

From Mr Martin Broughton.

Sir, Your leader "Cigarette settlement" (August 18) falls some way short of the FT's normal standards of accuracy, and two of the mistakes in it are of fundamental importance.

First, under the proposal, the tobacco companies will not be granted indemnity from future court actions because the rights of individuals to sue will be preserved. Second, the curbs on advertising and marketing could not be achieved through legislation because the right to commercial free speech, which is a constitutional right, can be given away only by the companies themselves.

Martin Broughton,
group chief executive,
BAT Industries,
Windsor House,
50 Victoria Street,
London SW1H 0NL, UK

Market value logic is hard to follow

From Mr James Carleton.

Sir, There seems to be an increasing consensus, not only that the UK stock market is overvalued, but that inevitably investors will eventually wake up to the abolition of dividend tax credits for pension funds and conclude that shares have suddenly become a great deal more expensive – and a sell-off will be precipitated. Although this theme also seems to be propounded by a number of FT commentators, I, at least, simply do not follow the logic.

Are not companies, particularly large international ones, valued by the markets according to their own worth? Of what relevance or interest is it to, say, a US investor in Glaxo, that the UK chancellor has decided that an additional group of UK investors should bear tax on their investment income? Why does this make Glaxo any less attractive relative to Merck?

There may be good reasons for concluding that the stock market has reached an unsustainable level, but I submit that the abolition of tax credits for pension funds is not one of them.

James Carleton,
Grangeclare,
Park Lane,
Ashtead,
Surrey, KT21 1DW, UK

Surfing: age no barrier

From A. L. T. McCammon.

Sir, I am proud to inform Louise Kehoe ("Senior service", August 20) that my mother, in her mid-80s, has just taken delivery of her second computer. She has been taking lessons from her grandson. We're not certain what went wrong with the first model, but we suspect its memory was inadequate.

A. L. T. McCammon,
Tägernstrasse 20,
8127 Forch,
Switzerland

FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL
Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700

Tuesday August 26 1997

Europe shows signs of life

The continental European economy, so long in the doldrums, is moving at last. Low interest rates, weak currencies and the virtual completion of fiscal consolidation are providing the favourable wind. The big question is whether policy-makers will take advantage of this opportunity to tackle structural obstacles to low unemployment and fast growth. The answer may well be no. If so, the recovery will fall short of what Europeans desire.

The happiest news is the growth rebound in the continental economies in the second quarter of 1997. In Europe as a whole the annualised growth rate between the first and second quarters was 5.2 per cent, with every country set to post at least 3.5 per cent growth. JP Morgan argues that the stage is set for a prolonged period of growth at 3 per cent or above.

The bellwether, Germany, now has long-term rates of interest at 5¾ per cent and short-term rates at 3 per cent. The weak D-Mark has also helped generate a strong improvement in its external balance. According to the economic survey of Germany, published last week by the Organisation for Economic Co-operation and Development, the improvement in the trade balance should contribute some 40 per cent of the economy's expansion this year.

The European Union's economy is enjoying the same trade-led growth. The OECD has forecast that its external surplus will rise from 1 per cent of aggregate GDP in 1996, to 1.4 per cent this year and 1.6 per cent in 1998. At $114bn in 1997, the EU's expected current account surplus is forecast to be significantly greater than Japan's, at only $80bn. Remarkably, the king of the castle is Italy, expected to generate a surplus of $49bn in 1997, or 4.3 per cent of its GDP.

The combination of strong fiscal consolidation with easy monetary policies and weak exchange rates was always likely to produce such outcomes. Can they last? One reason they might not would be an exchange-rate reversal, as the balance of payments positions of continental Europeans and Japan improve, while those of the UK and US deteriorate.

Another threat could be the divergence in inflation conditions across continental Europe. Underlying consumer price inflation is well below 2 per cent a year in Germany and France, but above it in Italy, Spain and the Netherlands. An important question, therefore, is how monetary policy will be set over the next 16 months or so.

This depends, in turn, on prospects for economic and monetary union. Emu is very likely to go ahead in 1999, now that both Germany and France seem set to end 1997 fairly close to the Maastricht Treaty's 3 per cent target for the fiscal deficit, yet with the former not markedly closer than the latter. Moreover, Emu is now likely to include every country wishing to join, including Italy.

If so, the Bundesbank would effectively become Europe's central bank from the time the decision on membership is made early next year. It may then decide that tightening is needed, to ensure that the new European Central Bank inherits its ideal environment of very low inflation.

Such a decision would, in turn, reflect its pessimistic view of the extent to which current high unemployment is structural. In its most recent Economic Outlook, the OECD reflected the conventional wisdom in arguing that over 90 per cent of Europe's unemployment is structural. True or not, that perception could well become a self-fulfilling prophecy, at least in the medium term, because of the fear of renewed inflation.

This, in turn, suggests that a strong reduction in the current unemployment rate, of some 11 per cent, is likely to occur only if serious efforts are also being visibly made to eliminate Europe's structural economic rigidities. This would be true even if those rigidities were less of an obstacle than central bankers believe. In sum, Europe needs this happy period of renewed growth to be taken as an opportunity for radical reform, not as an excuse for postponing it.

A difficult fix

A British university student has a one in five chance of becoming a customer of the $400bn-a-year international drugs industry. The figures for other western countries are similar.

Yet many who take drugs, particularly cannabis, are in other respects ordinary law-abiding people.

The easy-going acceptance of soft drugs by young people contrasts increasingly with the criminal culture of the drug rings and the evils of addiction which they promote. Something, it is widely agreed, must be done. But what? British opinion, like that in most western countries, is deeply divided.

Those who seek more prohibitions or stronger enforcement have to admit that such policies have been far from successful in recent years. On the other hand, those who favour legalising some or all drugs remain a minority, mainly because of the fear that this would encourage consumption and abuse. The issues are so laden with emotion that most politicians retreat to the low ground of superficial moralising.

The inquiry into Britain's drugs laws, to be funded by the Prince of Wales Trust, is therefore much needed. The 13-member committee draws together excellent minds with wide experience. Viscountess Runciman, the committee's chairman, is wise to emphasise that she has no hidden agenda, for she faces two tasks of equal difficulty.

The first is to reach an authoritative conclusion. The second will be to persuade the public to accept it.

Latin security

The US has managed to annoy all three of the big states in Latin America's southern cone. It has upset Argentina by offering to sell F-16 fighters to Chile; and it has riled Brazil and Chile by singling out Argentina as a "close non-Nato ally".

Carlos Menem, the Argentine president, made matters worse last week by publicly criticising Brazil's bid for a permanent seat on the UN Security Council, which he said would "provoke a regional imbalance". Jose Sarney, the former Brazilian president, accused Mr Menem of making himself the instrument of a US conspiracy to "destabilise" the Mercosur trading group (which links Argentina, Brazil, Paraguay and Uruguay) in favour of the Clinton administration's plan for a continent-wide Free Trade Association of the Americas.

Things were patched up at the weekend summit of the 14-nation Rio Group, which agreed on a call for regional free trade by 2005 at the latest. Fernando Henrique Cardoso, Brazil's president, agreed with Mr Menem that the Security Council issue must not be allowed to weaken ties within Mercosur, and even implicitly endorsed Argentina's proposal that a new permanent seat could rotate among Latin American countries, instead of being reserved for Brazil.

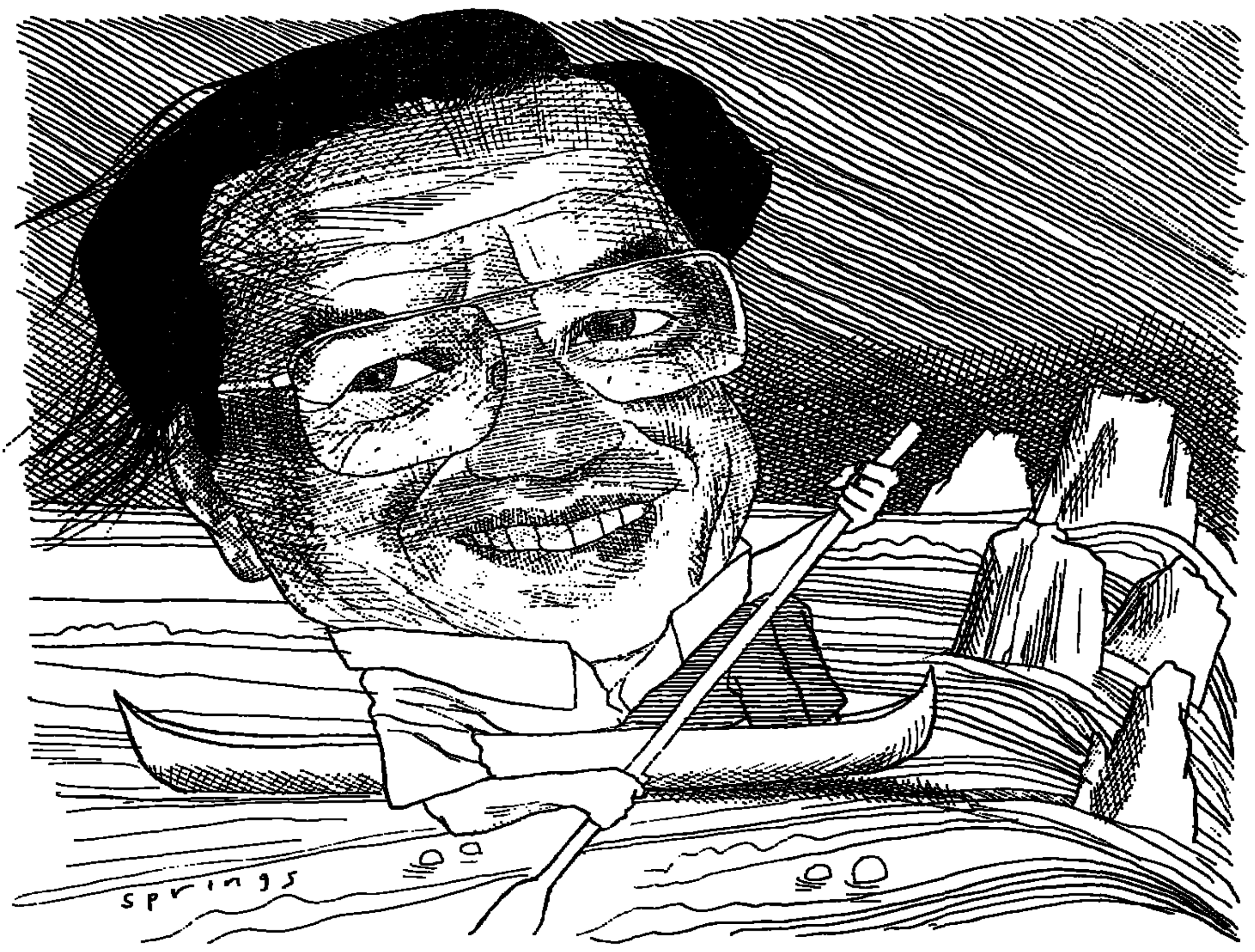
Still, the prickly response of all three governments shows how strong mutual suspicions remain, and how difficult it is for US diplomacy to steer a course between them. Any move to gratify one state is liable to cause offence in another, and to be interpreted as an attempt to divide and rule. Like west Europeans, south Americans suffer from a collective inferiority complex towards the US, and find it easiest to unite in response to US manipulation, real or imagined. Brazil often plays the French role of calling others to order, and condemning those it sees as too subservient to US interests.

The US needs to pick its way through this bramble patch with special care, and above all avoid fuelling a regional arms race, which would be an absurd way for the states of the southern cone to spend the proceeds of growing trade. The region's real security problems – correctly identified in last week's Chilean defence white paper as including drug-trafficking, terrorism, and threats to the environment – will not be best tackled by spending large sums on advanced fighter aircraft.

Mahathir's whitewater ride

James Kynge wonders whether Dr Mahathir Mohamad's pursuit of rapid growth for Malaysia is leading to delusions of grandeur

Massive and rapid growth is a wonderful buffer. Like a river in flood it hides the rocks on the river bed
– Dr Mahathir Mohamad



The inexorable pursuit of growth has been the defining characteristic of Mahathir Mohamad's career and has made Malaysia's prime minister into one of most admired leaders of any emerging country.

The symbols of his success are on display in Kuala Lumpur, the capital. The Petronas Twin Towers, the tallest buildings in the world, thrust up into a hazy, tropical sky. Proton, the national car, clogs the main roads. Outside the city, an airport billed as one of the world's most advanced is nearing completion.

But suddenly, nine years of annual growth above 8 per cent appears to be at an end. The flood is subsiding – and many people are wondering how much of Dr Mahathir's achievement is imperilled by the rocks below.

"Our past excesses are coming back to haunt us," says Mr Lim Guan, a member of parliament for the opposition Democratic Action Party. "We have been building castles in the air."

Though Malaysia's problems are less severe than those of neighbouring Thailand, they share a similar genesis. Export-led growth in the late 1980s led to a construction boom which was sustained by bank lending to property rather than to manufacturing. Now export growth is sputtering just as an impending property glut threatens to drive asset values down. Share prices have fallen by a total of M$160bn ($58bn) this year, more than the entire gross domestic product in 1996. The banking sector, alarmed by a level of domestic indebtedness that amounts to a staggering 170 per cent of GDP, is raising its provisioning against bad loans.

None of this has yet affected Dr Mahathir's moral or executive authority. After 16 years at the helm, both are stronger than ever. But the danger signs in the economy are beginning to make his insistence on rapid growth – and especially the "megaprojects" which have become synonymous with his leadership – look inadvisable, if not foolhardy.

Mr K.S. Jomo, a respected professor in the faculty of economics and administration at the University of Malaya, singles out what he calls "economically indefensible" projects: the M$13.6bn Bakun dam in the remote jungles of Borneo; a multi-billion dollar project to lay a road over peninsular Malaysia's mountainous spine; and a project to reclaim six islands off the sparsely populated north-west coast and build an international airport on one of them, costing M$30bn (compared with a total GDP in 1996 of M$130bn).

Some economists also question the biggest of all Dr Mahathir's pet projects – the Multimedia Super Corridor, with which the prime minister hopes to drag his country to the vanguard of the information age. The idea is visionary. So is the expense. The twin cities in the corridor's heartland (Putrajaya and Cyberjaya) will cost at least M$35bn to build.

"He [Mahathir] seems to have a tendency for monumentalism," says Mr Jomo. "It is the latest decade of growth which has sired this profligacy." Such public criticism is rare in Malaysia, except from opposition politicians.

Cost apart, the manner in which some big projects were conceived is coming under fire. Mainly in the interests of speed, contracts were awarded without an open, competitive tender. Managers were selected on the basis of what appears little more than gut instinct.

Ting Pek Khiing, the tycoon managing the Bakun dam, won Dr Mahathir's blessing after he impressed the prime minister by building a hotel in just 53 days. He had no prior experience of power projects, nor of complex financing procedures.

Another businessman handpicked by Dr Mahathir to turn around Perwaja steel, a state-run steelmaker, led it to insolvency last year, with debts of M$6.9bn and M$2.95bn in losses.

Despite the warning signs, Malaysia's appetite for growth seems undiminished. During the recent south-east Asian currency crisis, the central bank's priority was to keep interest rates from rising too much (so as not to slash growth), rather than to defend Malaysia's currency.

And Dr Mahathir remains adamant that his go-for-growth philosophy remains unaltered. Earlier this month he unveiled yet another vast project: a new administrative capital for the state of Sarawak on remote Borneo. It is to be 2,020 acres in size, echoing his "Vision 2020" programme under which Malaysia is supposed to grow by 7 per cent per year to attain developed status by 2020.

Dr Mahathir also expressed enthusiasm for plans to build the longest bridge in the world linking Malaysia to the Indonesian island of Sumatra.

"He is getting carried away, but who will dare tell him?" asks a government official, who declined to be identified. "We should be following more rational policies but if you suggest slowing the economy down, it is not popular."

Anwar Ibrahim, the deputy prime minister and finance minister, has in the past taken issue with some of Dr Mahathir's projects, such as the Bakun dam. But if he still has reservations, he has shown no sign of wishing to speak up now.

Some observers think that the prime minister is putting on a brave face, but, behind the scenes, is preparing to postpone large projects and curb imports. If this is the case, then Dr Mahathir is a master of disguises.

A political fall-out?

Malaysia aside, two countries in particular have found that Asia's currency crises could hardly have come at a worse time. Indonesia and the Philippines both face presidential elections next year. In both, the political mood was becoming febrile just as the economies ran into trouble.

That raises the spectre of South Korea, where economic decline has gone hand-in-hand with a crisis of confidence in government itself, and the authority of President Kim Young-sam has been challenged.

But analysts say the currency crisis in south-east Asia is still not serious enough to produce serious political fall-out. While Korea is a new democracy driven by a large and loud middle class, different factors are at work in south-east Asia where the middle classes are smaller and mainly concerned about stability.

Indonesia and the Philippines are helped by expectations that their currency crisis should be relatively short-lived. While private sector economists have slashed their growth expectations for Thailand, the average 1997 growth prediction for Indonesia has fallen only marginally to 7.4 per cent, according to Consensus Economics which monitors leading forecasters. That for the Philippines has been cut, but again only modestly to 5.6 per cent from 6.1 per cent.

The Indonesian rupiah was attacked because it was "guilty by association", says Kevin Grice of American Express Bank in London. A tradition of flexibility in exchange rate policy and broad-based export industry means Indonesia's markets should rebound quickly, allowing interest rates to fall back. Though the Philippines has a large trade deficit, exports are rising strongly.

Moreover, the Indonesian election will be through a college mainly comprising the existing legislature, dominated by the ruling Golkar party, and representatives of the military. The issues have more to do with personalities than with the rupiah, says Bruce Gale, of the Political and Economic Risk Consultancy in Singapore. Assuming President Suharto stands, there is no doubt that he will win. Of greater concern is his – still unpredictable – selection of a running mate who will be seen as his eventual successor.

Expectations of stability could change if the currency pressures persist, forcing central banks to keep interest rates high for a long time, cautions Gavin Greenwood of Control Risks in London. If a squeeze led to an increase in unemployment or a clampdown on food subsidies, there could be social unrest. There is popular resentment against the elite in Indonesia, which last year suffered violent demonstrations in support of Megawati Sukarnoputri, who had been removed as leader of the opposition.

The Philippines also has a tradition of labour militancy. Any persistent and widespread economic problems could play into the hands of Joseph Estrada, currently vice-president but effectively the opposition presidential candidate. He is disliked by business and the military, but enjoys strong grass roots support as a popular former film star; he is ahead in the polls.

As for Thailand, most are agreed that some form of political crisis is inevitable because the credibility of Chavalit Yongchaiyudh, the prime minister, has collapsed. The Bangkok intelligentsia is said to have lost faith in a democratic process that has produced one weak cabinet after another. But, says Mr Greenwood, the military has no desire to take over. The question is: who would want responsibility for dragging Thailand out of the mess into which it has sunk?

Peter Montagnon

· OBSERVER ·

Tap dance partners

■ So what's going on in the cloak-and-dagger world of corporate investigators? First Jules Kroll, the grand old man of freelance spooks, decides to sell Kroll Associates to armoured car-maker O'Gara – but only after flirting with suitors including Coopers & Lybrand and Equifax. Now two mid-sized firms – Decision Strategies and Fairfax Group – have merged.

Fairfax chief Michael Hershman, a former Watergate investigator who founded the firm back in 1983, says the merger is all about becoming more international. Cross-border investigations are on the increase as clients try to keep tabs on exactly who they're doing business with. The merged firm will have 20 offices in useful places like Moscow and Puerto Rico.

But while the "investigative consulting" business is growing fast, it's also attracting big hitters; Coopers & Lybrand is only one of the big accountancy firms that want a piece of the action. Hershman and Decision Strategies boss Bart Schwartz – who used to be something big in the US Attorney's Office – think they can stay one step ahead by remaining independent.

Hershman questions the wisdom of Kroll opening itself to public scrutiny by selling to the quoted O'Gara, and says there's no chance of Decision Strategies/Fairfax seeking a stock market listing in future. He reckons private investigators should stay that way – strictly private.

Swiss role

■ Whisper it quietly – the position of head Swiss gnome is up for grabs. Jean-Paul Chapuis, 62, who has run the Swiss Bankers Association for 16 years, is going at the end of 1997; his deputy, Heinrich Schneider, 62, also wants to be off within the year.

Normally the job would be easy to fill. Markus Lusser, Chapuis's predecessor, used it as a stepping stone to become governor of the Swiss National Bank, and Nikolaus Senn, a former chairman and chief executive of Union Bank of Switzerland, is one of several SBA alumni who went on to great things.

But things haven't been the same since the Swiss banking system was deregulated and the SBA's job shrunk to collecting statistics and acting as a lobbying organisation. It is jolly good at the former, but has done a lousy job defending Swiss banks against the biggest threat to their image – allegations about their dealings with Nazis.

Ideally, the job should go to a Swiss banker with a thick skin, who looks good on TV, and has a view of the world outside Switzerland. One possibility might be Bernhard Stettler, Swiss Bank Corporation's chief spin-doctor.

Pen and ink

■ Have feathers been ruffled round at France's normally seamless house of Bic? Yesterday's statement about its planned takeover of fountain pen company Shaeffer was a veritable outburst from the normally taciturn pens-to-razors group.

Late founder Baron Marcel Bich set the secretive tone. The man who designed the classic crystal biro gave only three interviews to journalists during his 40-year career – and was hardly more communicative with financial analysts or investors.

Son Bruno, who now chairs the group, has maintained the family tradition; since taking the helm in 1993 he's moved into correcting fluids – buying Wite-Out in the US and Tipp-Ex in Germany – and proved himself a master of the curt prepared statement.

But the smooth and silent strategy hasn't worked this time. Having heralded the takeover of US-based Shaeffer a few weeks ago, Bic has now found that it's not a done deal after all. Despite raising its own offer yesterday and raising questions over a management buy-out alternative, the outcome could be nib and tuck.

Springer surprise

■ As if talk of a cabinet reshuffle was not enough, Helmut Kohl's return to work yesterday was marred by another piece of unwelcome news. Kai Diekmann, erstwhile political editor of Bild Zeitung and a confidant and sympathetic biographer of the German chancellor, appears to have been sidelined.

Officially, Diekmann's gone on holiday until his contract at Germany's biggest-selling daily runs out next March. The broader question is whether his absence – just as the drama hots up ahead of next year's national elections – is evidence of a political shift within Bild publisher Axel Springer Verlag.

It's no secret that chairman Jürgen Richter would like to rid the company of its image as a bastion of conservatism and a poodle to Kohl's Christian Democrats. Already lagging in the opinion polls, there'll be more unhappy reading for the chancellor if a loyal supporter like Springer is starting to hedge its bets.

The Financial Times

100 years ago

The Canadian Railways
If the Canadian railways progress at the present rate, we shall be compelled to add a special eulogist to our staff, because the traffic increases are becoming a trifle monotonous for all save the holders of stock. The Canadian Pacific's little increase for the third week of August is a trifle of $102,000, and with the boom in the Far West and heavy wheat crops the aggregate increase should soon leave its present level of $1,062,000 very far behind. Further, our old friend the Grand Trunk, having determined upon reformation, has gone at it in its characteristic bull-dog fashion.

50 years ago

French Bank Shares
Paris, 25th August. The French State will abandon its minimum participation in the biggest French colonial bank, the Banque de l'Indochine, following an agreement signed last month and just ratified by a shareholders' meeting in connection with the renunciation by the bank of its bank-note issue privilege in Indo-China. The transaction is especially noteworthy in view of the fact that for the first time since the Liberation the French State has withdrawn from an important private enterprise.

FINANCIAL TIMES
Tuesday August 26 1997

Politburo leaders sentenced over Berlin Wall killings

By Frederick Stüdemann in Berlin

A Berlin court yesterday drew a line under the darkest legacy of East Germany when it sentenced three of the former communist state's most senior politicians to jail for the killing of refugees attempting to flee over the Berlin Wall to the west.

The Berlin county court handed down a six and a half year prison sentence to Egon Krenz, 60, successor to Erich Honecker as general secretary of East Germany's communist party (SED) and former head of state.

Günter Schabowski, head of the SED in Berlin, and Günther Kleiber, economic adviser in the Politburo, were each sentenced to three years.

The verdicts end more than five years of efforts to establish responsibility for the killing of more than 200 people who were trying to flee East Germany's heavily guarded frontiers.

In passing sentence, the judge said that as members of the Politburo the three defendants had been prepared to accept the death of unarmed citizens rather than their successful flight to the west. In the Politburo the three had actively supported the "class duty" of East Germany's policy of border security. In reality, this was "an ideological order to shoot", the judge said.

Mr Krenz was sentenced for the killing of four people, his co-defendants for three killings. All the killings occurred in Berlin between 1984 and 1989 when communism collapsed and the wall dividing the city was breached.

Supporters of Mr Krenz, who was responsible for border policy, jeered as the verdict was read. "I will not give in," shouted Mr Krenz, who will appeal to the federal high court. Mr Krenz was taken to a nearby prison where Mr Honecker, who died in 1994, had also been incarcerated while awaiting trial. Mr Schabowski and Mr Kleiber are to remain free until the verdicts become legally binding. The verdict was welcomed by the main political parties, but the Party of Democratic Socialism, successor to the SED, criticised it as a "farce".

In a statement delivered by his son, Mr Krenz said he had been sentenced for his political position rather than for a crime. "The political repression is revenge for the fact the GDR [East Germany] existed," the statement said.

Former Soviet leader Mikhail Gorbachev criticised the sentencing, saying there were "neither legal nor moral reasons for the conviction."

During the trial Mr Krenz had disputed the legitimacy of the court. He claimed it was carrying out "victor's justice" by applying what were originally West German laws retrospectively to events which had taken place in East Germany.

Germany's Constitutional Court had ruled last year that the border killings were cases of "extreme injustice" which violated generally accepted principles of behaviour and cases could therefore be brought to trial.

The trial of Mr Krenz followed earlier cases against other politicians and border guards. Mr Honecker himself was deemed unfit to stand trial and settled in Chile where he died in 1994.

Countdown to judgment

- **Oct 89:** Honecker toppled and succeeded by Krenz
- **Nov 89:** Berlin Wall breached; borders opened
- **Jan 92:** First verdicts in trials of former border guards, one sentenced to three and a half years in prison, others get probation; federal high court later confirms verdicts, opening way for more trials
- **Jul 92:** Honecker returns from exile in Moscow
- **Nov 92:** Trial starts of Honecker, secret service chief Erich Mielke, former prime minister Willi Stoph and six others on charges related to border killings
- **Nov 92:** Mielke and Stoph deemed unfit to stand trial
- **Jan 93:** Honecker deemed unfit to stand trial; leaves Germany to settle in Chile; dies of cancer May 1994
- **Jul 94:** Higher federal court confirms verdict in trial of remaining defendants. Three jailed for between three and seven and a half years
- **Nov 95:** Seven politburo members, lead by Krenz and Günter Schabowski, go on trial
- **Sep 96:** Six generals jailed
- **Nov 96:** Constitutional court rules that even if border killings were not offence under East German law, trial can continue as killings were infringement of basic principles of justice and violated generally accepted concepts of human rights

THE LEX COLUMN

DuPont sows soybeans

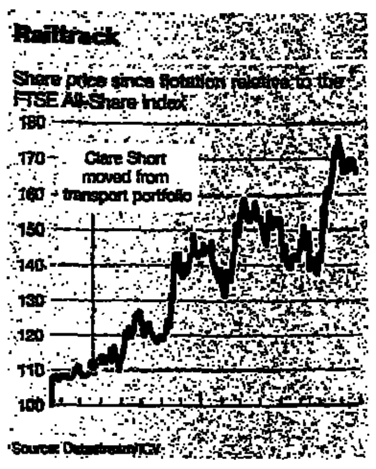
In two months DuPont has spent over $6bn on acquisitions - $3bn buying industrial chemicals businesses from ICI and another $3.2bn beefing up its agrochemicals arm. On the face of it, the US chemicals leader is pulling in two different directions. The ICI operations are old-style, commodity businesses. Agrochemicals, by contrast, are as much about genetically engineered seeds as about spraying bugs these days, with clever technology bringing higher margins. Monsanto, shedding its bulk chemicals to concentrate on higher-growth life sciences like agrochemicals and pharmaceuticals, has provided a radical role model.

In fact, DuPont's thinking is not that different. The ICI businesses are no more than an opportunistic in-fill, enhancing the group's market positions in areas where it is already strong. The two agrochemical acquisitions are the strategic step forward. DuPont has some clever technology; it has, for instance, genetically engineered a soybean that is sweeter and more nutritious than the original. But the $1.7bn deal with Pioneer Hi-Bred will strengthen its research capability, while the $1.5bn acquisition of Protein Technologies brings 3,000 customers and 75 per cent of the world market for supplying soy protein.

If consumers, so far reluctant to buy genetically engineered products, can be convinced there is something in it for them, such as better taste, this market has huge potential. Still, as DuPont's chemicals and life sciences activities diverge technologically, the case for keeping them under one roof becomes weaker. ICI, Novartis, Monsanto and Hoechst have all accepted this logic. DuPont should think about a demerger.

UK rail

For a scheme once generally derided as crackpot, Britain's great rail privatisation project has proved rather a success. Certainly there has been little sign of the much-predicted collapse of the restructured network into a morass of paperwork and niggling counter-claims. And whilst the service has not been transformed, the improvements have been real enough. Delays fell 30 per cent between 1995-96 and 1996-97. Investment is well above British Rail levels. Commuter fares, long a government milch-cow, are now capped below the rate of inflation. And for the first time in 15 years, complaints are down. Ah yes, say sceptics, but is this surprising when the government lubricated privatisation so liberally with cash? Subsidy to the railways used to run at about £1.5bn a year; last year, a thumping £2.1bn was pumped into operating franchises. But this is to compare apples and pears. Subsidy has risen because franchisees now have to pay access charges to Railtrack. Moreover, payments to franchisees are set to fall – by 2002, they will be just £1bn in today's prices. How will the operators cope? By cutting costs, something they have already been going about with gusto. By March, National Express had axed a fifth of the workforce in its first two franchises.



So far so good. But one unfortunate aspect of this otherwise benign picture sticks out: the bargain-basement prices at which the businesses were sold. The staggering outperformance of Railtrack shares (see chart) suggests the flotation was badly underpriced. So were rolling stock leasing companies such as Porterbrook, sold on by the initial buyers within months for a profit of more than 50 per cent. Some of the early franchises, notably Stagecoach's South West Trains, also went for a song.

Part of the explanation is the usual cocktail of risk-averse advisers and a government in a hurry. There was also political risk, much alleviated when Clare Short, Labour's tough-talking former transport spokesman, moved on. Nevertheless, it is striking that investors found these new beasts so tricky to value. Take Railtrack. With hindsight, it should give the City food for sober thought that all the usual signs – an overmanned industry, an undergeared balance sheet, extraordinary overprovisioning – were not more accurately priced. But what now? Despite strong investment fundamentals, three big challenges lie ahead. The first is political – especially with John Prescott, the deputy prime minister, in charge. True, Mr Prescott has come tantalisingly close to dangling a gigantic carrot, road pricing, over the rail industry's head. But such an enticing possibility makes it even more essential that the privatised businesses keep the government sweet.

Can they? In theory, better performance and increased investment should give the companies a good political story to tell. But it would be idle to pretend that privatisation is going to do much about the biggest source of public moaning – uncomfortable and overpacked commuter lines. Operators have little incentive to improve these since most passengers have no practical alternative. It is elsewhere that dramatic improvements are likely to be visible; on long-distance routes such as the West coast main line, for instance, where remarkable changes will be needed for Virgin to deliver the staggering revenue growth its financial projections require.

Then there is the industry's second big challenge: the next phase, often forgotten, when competition is to be introduced. From 1999, franchisees will be vulnerable to other operators picking off their customers. And although there may be few obvious external new entrants, existing operators will almost certainly try to expand beyond their current patches. Plainly, that poses a potential financial threat. But the practical consequences are also unpredictable; if anything is likely to put the network's web of contractual relationships under strain, competition will.

Finally, industrial relations should not be forgotten. Privatisation is no guarantee of immunity from strikes. True, apart from brief difficulties at South West Trains, the private sector's early experience has been remarkably smooth. And Railtrack's ability to cut costs has been greatly eased by the separate privatisation of lots of little maintenance units. Still, uppity staff have been a fact of life on the railways for as long as anyone can remember. With plenty of cost-cutting to come, it would be naive to interpret the current calm as a sign that industrial relations problems are necessarily history.

BT drops MCI merger escape clause

Continued from Page 1

-ened by angry MCI investors, the amended agreement also contains a promise by BT to indemnify MCI directors against claims by third parties if the merger fails because of BT shareholders.

The agreement also spells out that MCI directors are responsible for the "completeness and accuracy of the information and forecasts" about its business to be supplied for regulatory purposes. MCI's profits warning had sparked friction over who knew what and when. The new agreement also adds language about "knowing and intentional or wilful omission or misstatement" in relation to representations made by each company.

It also confirmed market expectations that BT's dividends for the current year – for which MCI shareholders will not be eligible – will not exceed 20p per share.

In New York, MCI shares were $\$\frac{1}{16}$ higher at $30. BT American Depositary Receipts, each representing 10 BT shares, were off $\$\frac{5}{16}$ at $\$67\frac{7}{8}$. At this price, the new offer values MCI shares at about $32. The London stock market was closed for a public holiday.

Hutchison to take legal action on Subic Bay bids

By Justin Marozzi in Manila

Hutchison Whampoa is to take legal action to stop the Philippine authorities reopening the bidding for the privatisation of the Subic Bay container terminal.

The Hong Kong conglomerate was poised to sign the lucrative contract in January, when Fidel Ramos, Philippine president, stepped in and ordered a re-run of the bidding, on the grounds that tendering rules had been violated.

The Subic Bay Metropolitan Authority awarded the contract, to develop and operate the terminal, to a joint venture between Hutchison and Guoco Holdings Philippines, a local company, even though their bid was much lower than that of International Container Terminal Services, the Philippines' largest port operator. ICTSI had bid $57 per 20ft equivalent (TEU) – the standard measurement for containers – compared with Hutchison's $20.5.

But SBMA ruled out ICTSI on the grounds that it broke competition regulations which prohibit a company from controlling more than 20 per cent of a rival port.

Hutchison yesterday confirmed a complaint against SBMA had been filed last month but declined further comment. The legal move is the latest problem to dog the port privatisation, and is seen as an attempt to make the government back down and accept the SBMA decision.

ICTSI, which will participate in the pre-qualification process for the rebid in the second week of September, said yesterday it was monitoring developments.

SBMA said it would be asking the court whether the Ramos administration "may substitute its own decision for that of SBMA in awarding the contract in favour of Hutchison and order a rebidding of the project".

According to a Manila newspaper, Hutchison states in papers filed to the court: "A contract between [Hutchison] and SBMA existed. It is valid, enforceable, not disadvantageous to the government and was evaluated in strict accord with SBMA's own bidding rules."

Three direct interventions by President Ramos in the Subic Bay bidding process prompted John Meredith, managing director of Hutchison International Port Holdings, to criticise the Philippines' handling of international tenders.

The interventions reinforced foreign investors' fears that Manila was determined to ensure that tenders attracting international bids went to local companies.

Air India contract may hinge on offset investment

Continued from Page 1

and 11 Airbus. Vinesh Keskar, Boeing's India representative, said an offset requirement would be "no surprise".

"When the MCLR project happens we'll do whatever it takes to make sure the government is satisfied," he said.

Mr Nair, who took over as HAL's chairman this month, said the group had been "aggressively" seeking an offset component to the deal as part of its drive to increase commercial revenues.

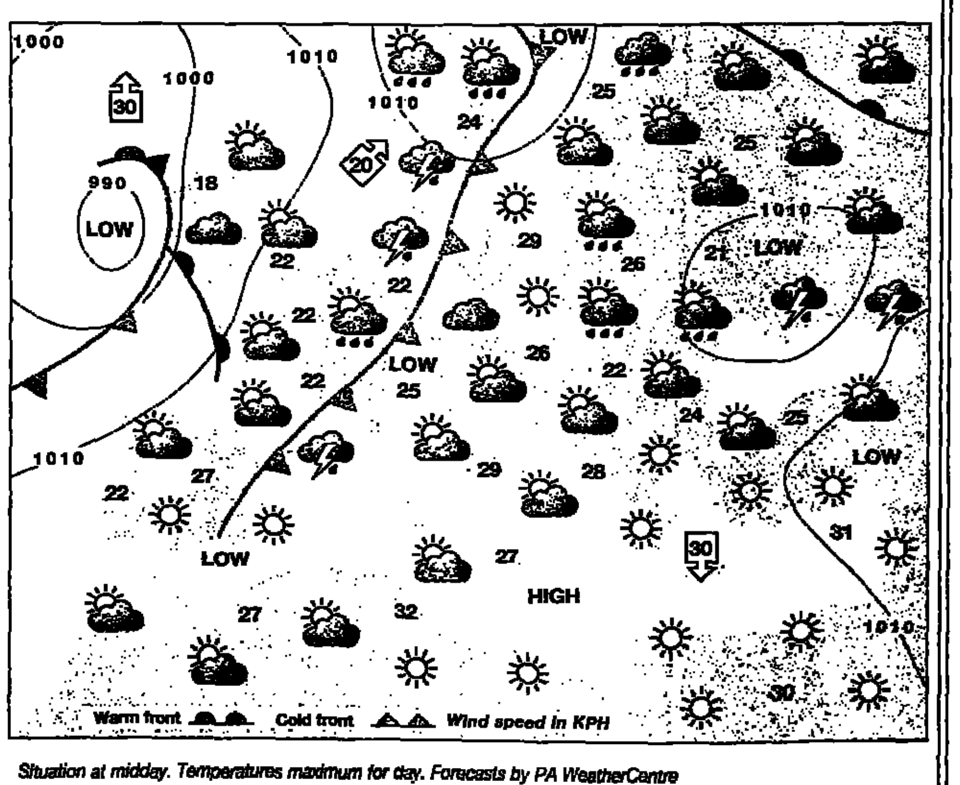
FT WEATHER GUIDE

Europe today

The eastern Mediterranean will be hot and sunny. Iberia will be more settled than yesterday with sunny spells in most places but there will be thundery showers in north-eastern Spain. Thundery weather may also affect the Balearics, Corsica and Sardinia. Western France will be mostly fine with sunny periods but eastern France, the Low Countries and the Alps are at risk from heavy showers and thundery downpours. Scandinavia will be unsettled and showery. Eastern Europe will have plenty of sunshine and isolated thunderstorms.

Five-day forecast

Northern and western Iberia and north-western Europe will be unsettled with showers. Western Scandinavia and central Europe will have scattered heavy showers and thunderstorms but also some warm sun. High pressure will keep north-east Europe generally fine and settled.



Situation at midday. Temperatures maximum for day. Forecasts by PA WeatherCentre

TODAY'S TEMPERATURES

	Maximum	Beijing	Sun 33	Caracas	Thunder 32	Faro	Sun 26	Madrid	Sun 28	Rangoon	Thunder 30
	Celsius	Belfast	Fair 21	Cardiff	Fair 20	Frankfurt	Fair 32	Majorca	Sun 28	Reykjavik	Fair 14
Abu Dhabi	Sun 40	Belgrade	Fair 25	Casablanca	Fair 25	Geneva	Thunder 29	Malta	Fair 29	Rio	Shower 24
Accra	Thunder 29	Berlin	Sun 29	Chicago	Thunder 27	Gibraltar	Fair 27	Manchester	Fair 20	Rome	Cloudy 29
Algiers	Thunder 28	Bermuda	Shower 31	Cologne	Fair 30	Glasgow	Fair 19	Manila	Rain 33	S. Frsco	Fair 24
Amsterdam	Shower 22	Bogota	Thunder 17	Dakar	Thunder 31	Hamburg	Thunder 27	Melbourne	Shower 13	Seoul	Shower 31
Athens	Sun 28	Bombay	Rain 30	Dallas	Sun 36	Helsinki	Sun 26	Mexico City	Fair 28	Singapore	Shower 31
Atlanta	Sun 31	Brussels	Shower 24	Delhi	Shower 32	Hong Kong	Shower 30	Miami	Thunder 33	Stockholm	Fair 27
B. Aires	Fair 17	Budapest	Fair 26	Dubai	Sun 39	Honolulu	Fair 32	Milan	Fair 25	Strasbourg	Fair 29
B.Ham	Fair 21	C.Hagen	Shower 24	Dublin	Rain pm 20	Istanbul	Fair 25	Montreal	Fair 22	Sydney	Fair 16
Bangkok	Shower 35	Cairo	Sun 30	Dubrovnik	Sun 25	Jakarta	Fair 32	Moscow	Fair 25	Tangier	Fair 26
Barcelona	Thunder 26	Cape Town	Shower 18	Edinburgh	Fair 18	Jersey	Fair 20	Munich	Sun 28	Tel Aviv	Fair 29
						Karachi	Sun 36	Nairobi	Sun 26	Tokyo	Shower 27
						Kuwait	Sun 44	Naples	Cloudy 29	Toronto	Fair 25
						L. Angeles	Sun 29	Nassau	Fair 33	Vancouver	Rain 20
						Las Palmas	Sun 28	New York	Fair 26	Venice	Sun 25
						Lima	Cloudy 23	Nice	Fair 28	Vienna	Fair 28
						Lisbon	Fair 26	Nicosia	Sun 31	Warsaw	Fair 27
						London	Sun 23	Oslo	Shower 22	Washington	Fair 27
						Lux.Bourg	Thunder 29	Paris	Shower 22	Wellington	Rain 12
						Lyon	Thunder 28	Perth	Rain 20	Winnipeg	Fair 25
						Madeira	Fair 26	Prague	Sun 27	Zurich	Fair 28

FINANCIAL TIMES
COMPANIES & MARKETS
© THE FINANCIAL TIMES LIMITED 1997 Tuesday August 26 1997 Week 35

IN BRIEF

Dominant role for Vereinsbank

Bayerische Vereinsbank is expected to have a more dominant share of the merged bank to be formed with Bayerische Hypotheken-und Wechsel-Bank than first thought. This could increase the attraction of Vereinsbank's current share exchange offer to shareholders of Hypo-Bank. Page 12

Springer reveals expansion plans
Axel Springer, the German magazine and newspaper publisher, is to step up the development of new publications following the success of recent launches and spin-offs. Page 13

GE to set up European logistics venture
General Electric of the US is throwing its might behind a joint venture which it says will revolutionise European logistics. Page 14

Russian utility plans $500m bond issue
Unified Energy Systems, Russia's chief electricity supplier, announced a short-list of banks competing to manage a planned convertible bond issue expected to total about $500m. Page 12

Colombian banks unveil merger deal
Banco Industrial Colombiano, Colombia's sixth-largest bank, is to merge with the family-owned Banco de Colombia and create the country's largest bank, with 16.5 per cent of the banking system's assets. Page 12

Chinese group to diversify
Haier Group, China's leading white goods manufacturer, is to expand its product range through a strategic venture with a regional Chinese television and electronics producer. Page 12

Aga shares up 6.5% despite profits fall
Aga, the Swedish medical and industrial gases group, reported a 15 per cent fall in profits for the first half of 1997 but still beat market expectations, prompting a 6.5 per cent rise in its share price. Page 12.

Bond markets recover
Bond markets recovered some of their poise in quiet trading yesterday but failed to recoup the losses sustained during Friday's sell-off. Page 12

JCB to move into lift trucks
JCB Group, the UK construction equipment maker, is entering the industrial lift truck business. Page 14

Companies in this issue

ABN Amro	4	Hypo-Bank	12
Aga	12	Israel Discount Bank	12
Air India	1	JCB	14
Airbus	1	JSkyB	11
Allianz	12	KPN	4
Axel Springer	13	Kia	3
BIC	12	Kirch	2
Banco de Colombia	12	MCI	1
Bank of America	12	MasterCard	3
Barcelo	2	Menatep	12
Bic	11	Merrill Lynch	12
Boeing	1	Molson	13
Books Etc	14	Morgan Stanley	12
British Telecom	13, 1	NAM	2
Brunswick	12	NEC	4
Bühler	12	Orange	4
CSFB	12	Paccar	13
Capstar Broadcasting	13	Penske Corporation	14
Centertel	13	PerfecTV	11
China Rebar	13	Philips	11
Cominco	13	PolyGram	11
Cray	4	RJ Reynolds	1
DMG	12	Renaissance Capital	12
Daf	13	Rio Tinto	13
Deutsche Telekom	4	SBC Warburg	12
Doughty Hanson	12	SFX Broadcasting	13
Dow Chemical	11	Salomon	1
Dow Corning	11	Salomon Brothers	12
EnerTel	4	Sentrachem	11
Foster's	13	Sheaffer	11
Framondi	12	Skoogs	13
General Electric	14	Swiecie mill	12
Goldman Sachs	12	Tag Heuer	12
Guoco Holdings	10	Toshiba	5
HAL	1	Trelleborg	13
Haier Group	12	UES	12
Hicks, Muse	13	Vereinsbank	12
Hutchison Whampoa	10	Woolworths	13

Market Statistics http://www.FT.com

Bond futures and options	17	Gilts prices	17
Commodities prices	16	Managed funds service	18-20
Dividends announced, UK	14	Money markets	17
EMS currency rates	17	Bourses	22,23
FT/S&P-A World indices	24	Short-term int rates	17
FTSE Gold Mines index	17	US interest rates	17
Foreign exchange	17	World Stock Markets	21

Chief price changes yesterday

FRANKFURT (DM)			
Rises			
CKAG Colonia Kz	161	+	6
Dürr-Werke	151	+	8
Falls			
Deutsche Babck	119	−	6
Karstadt	652	−	18
Muench Rueck	584.0	−	14.5
Rheinmetall	345	−	12
NEW YORK ($)			
Rises			
Bergen Bruns	42⅛	+	12⅝
China East Air	38¾	+	4¾
China Sth Air	35⅞	+	4⅛
Giant Inds	17½	+	2
Shanghai Pet	45¼	+	4⅛
Falls			
Thai Cap Fd	7⅛	−	⅜
TORONTO (C$)			
Rises			
Crown Res	10.00	+	1.65
Major Drilling	27.5	+	2.5
PLD Telekom	11.6	+	1.3
Solitaro Rsc	6.25	+	0.75
Taro Inds	8.25	+	0.75
Falls			
Med Chem Hth	3	−	1
PARIS (FFr)			
Rises			
Casino	288.0	+	6.5
Remy Cointreau	120.7	+	7.7
Thomson CSF	161.0	+	8.3
Valeo	381.2	+	11.2
Vallourec	362.5	+	12.5
Falls			
Cred Lyon (CI)	340.0	−	8.5
TOKYO (Yen)			
Rises			
Akebono Brake	504	+	44
Nitto Boseki	354	+	34
Yaohan Japan	158	+	25
Falls			
Daikin Inds	890	−	58
Kaken Pharm	471	−	29
Mitsumi Elec	2900	−	140
HONG KONG (HK$)			
Rises			
Cathay Pac Air	13.45	+	0.40
Chinese Est H	7.10	+	0.25
Henderson Land	70.25	+	2.25
HK Telecom	18.45	+	0.65
Sime Dar (HK)	9.5	+	0.4
Falls			
Cosco Pacific	16.05	−	0.60
BANGKOK (Baht)			
Rises			
Nippon Pack	14.25	+	1.25
Thai Cast Chem	7.9	+	0.7
Falls			
Foremost	83	−	9
Shinawatra	164	−	21
Thai Glass	72	−	8
Thai President	189	−	21

London closed. New York and Toronto prices at 12:30.

Takeover is jeopardised and top managers at Sheaffer warned of legal action

Bic threat over buy-out offer

By Andrew Jack in Paris

Bic, the French biros, lighters and razors group, yesterday threatened legal action after top managers from Sheaffer, the US-based fountain pen manufacturer, made a buy-out offer which could scupper Bic's takeover bid for the business.

The French group said Sheaffer had entered an agreement on August 22 to sell the business to its own management, in breach of the contract Bic had signed at the end of July to acquire the US company.

If the buy-out goes ahead, it would be a serious setback for Bic's plans to diversify and branch out from disposable biros into the more upmarket writing instruments produced by Sheaffer since 1913.

However, Bic alleged yesterday that Sheaffer management "invalidly attempted to exercise a purported first right of refusal", and warned that it "intends vigorously to pursue its rights under the agreement, including any legal remedies".

The threat did not stop Bic from increasing its offer for Sheaffer by $2m. It has not disclosed the total value of its bid, but advisers claimed it was "significantly less" than the annual turnover of $50m.

Sheaffer was acquired in 1987 by Gefinor, a Luxembourg-listed investment bank based in Geneva, and is understood to have been losing several million dollars a year.

Alchemy Partners, a UK-based private equity boutique acting for Sheaffer's top management, argues that Owen Jones, chairman, and Shane Dolohanty, chief financial officer, were granted first right of refusal in the event of a sale. Both had been recruited from the Parker Pen business in 1994. After the news of Bic's offer, Alchemy said at the start of August that a rival buy-out proposal from the management was highly probable, and was likely to be pitched at exactly the same level as that made by Bic.

The boutique said it believed the right of first refusal gave Sheaffer's top management the possibility of acquiring the business without an auction taking place – which would allow Bic to come back with a higher offer.

In its initial statement at the end of July on the planned acquisition, Bic stressed that its agreement was subject to a number of conditions, including the "expiration of Sheaffer management's right of first refusal to buy the ... business".

However, in its statement yesterday, it re-phrased the sentence to stress that the sale had been subject to "the purported right of first refusal" of Sheaffer's management.

Bic had originally hoped the transaction would be completed in mid-September, with the acquisition funded in cash through its wholly owned US subsidiary, Bic Corporation.

Observer, Page 9

Dow Corning offers $3.7bn settlement

By Richard Tomkins in New York

Dow Corning, threatened by breast implant litigation, yesterday announced a $3.7bn reorganisation plan aimed at settling all claims against the company and allowing it to come out of bankruptcy protection.

Women in the US and overseas with claims against the company would receive sums ranging from a minimum of $650 for a quick pay-out to $200,000 for those presenting detailed evidence of illnesses.

An unusual feature of the plan is that the more women who vote to accept it, the more money they will receive, because less will be set aside to resolve the claims of those who demand trials.

But the Tort Claimants Committee, a group representing women with Dow Corning breast implants, criticised the plan as "inadequate and unfair", saying it let Dow Corning "off the hook".

Dow Corning, a joint venture between Dow Chemical and Corning, has been struggling to find a way of settling claims from women who claim to have suffered damage to their health as a result of silicon breast implants.

The company has acknowledged that women with implants can suffer complications such as tissue hardening or implant ruptures, but has denied claims that they cause immune system illnesses.

If approved by the bankruptcy court, the reorganisation would provide $2.4bn for resolving breast implant and other product liability claims and $1.3bn for the company's commercial creditors.

Women could choose from four settlement options. "Expedited payments" designed for fast processing and requiring little documentation would range from $650, if 67 per cent of women voted in favour of the plan, to $1,000 if 92 per cent voted in favour.

Those who had suffered ruptures would receive $5,000 to $8,000; those wanting their implants removed would receive the cost plus $1,000 in expenses; and those with diseases would receive $2,500 to $200,000 – even if Dow Corning disputed that its products were to blame.

Sentrachem agrees to $533m takeover

By Mark Ashurst in Johannesburg

Sentrachem, the South African chemicals producer, has accepted a revised takeover offer of close to R2.5bn ($533m) from Dow Chemical, the US multinational.

The deal is set to become the largest foreign investment in South Africa, eclipsing last year's R1.9bn acquisition by Petronas, the Malaysian oil and gas company, of 30 per cent of Engen, the oil and gas company.

Sentrachem yesterday confirmed management had recommended shareholders accept a revised offer from Dow Chemical of R11.75 a share.

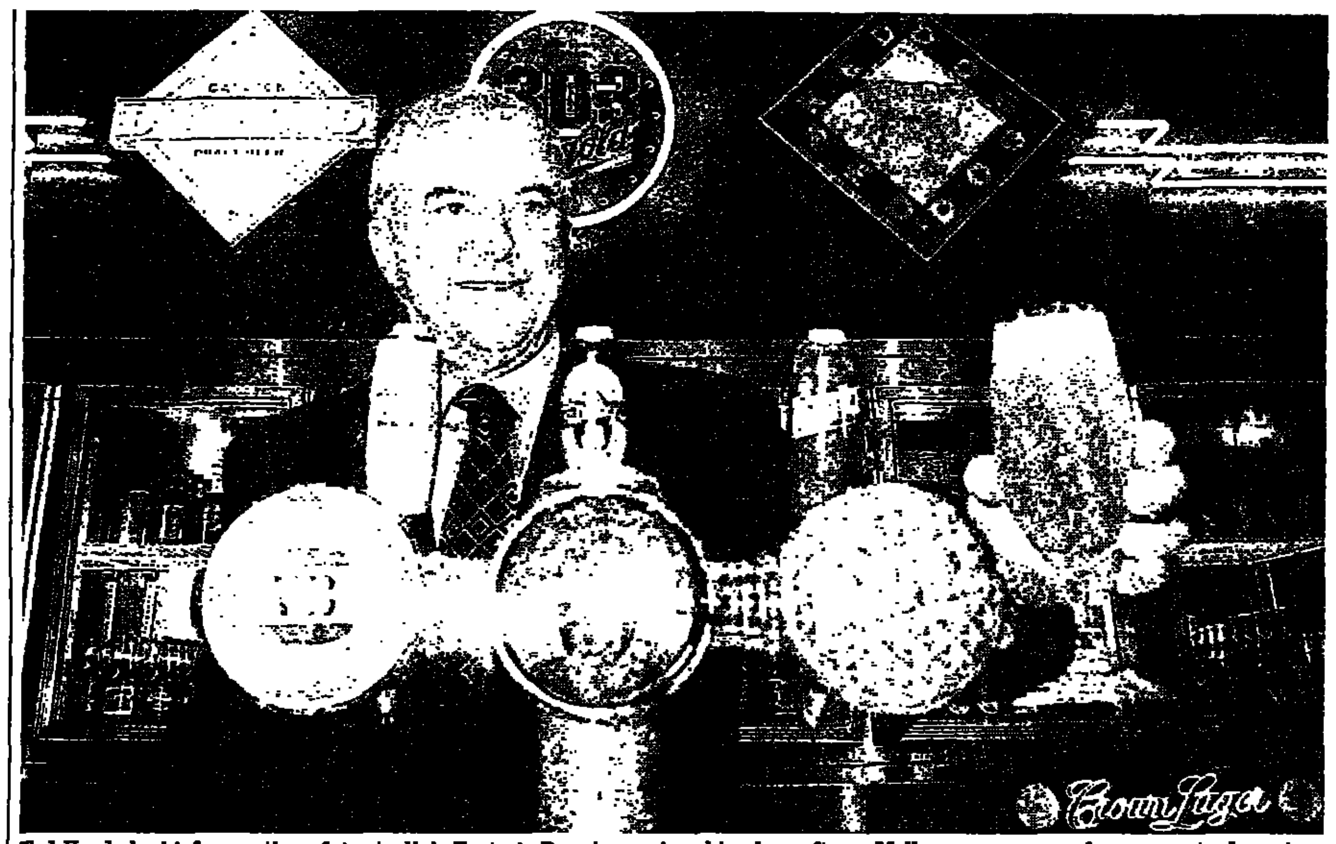
Earlier this month, Sentrachem emerged as the prize in one of South Africa's rare takeover battles when management had rejected an offer of R10.50 per share from the US group.

The initial bid had been accepted by Sankorp, Sentrachem's single largest shareholder with a 39 per cent stake, but was turned down by Old Mutual, the life assurer which holds 16 per cent. Old Mutual has endorsed the revised offer, and analysts were confident that Dow Chemical would achieve its target of 90 per cent of Sentrachem shares.

The higher bid follows interest from other chemicals companies, believed to be Monsanto, based in the US, and Rhône-Poulenc, the Swiss-based group. John Job, Sentrachem's managing director, last week flew to the US for talks with Dow Chemical, while a delegation from Monsanto visited Sentrachem in Johannesburg.

Sentrachem is poised to emerge as a key participant in a battle between Dow Chemical and Monsanto for domination of the world market in glyphosate, the world's best-selling herbicide. Monsanto controls about 85 per cent of the world market for glyphosate, used in the production of Roundup, its most successful product.

The deal is conditional on the offer from Dow Chemical, the world's fifth-largest chemicals company, being accepted by 90 per cent of shareholders.



Ted Kunkel, chief executive of Australia's Foster's Brewing, raises his glass after a Melbourne news conference yesterday where he announced a 15 per cent fall in profit for the year to June 30 to A$250.5m (US$187m) from A$293.3m. Page 13 Reuter

PolyGram to revamp US labels

Music group moves to tighten control on record company costs

By Alice Rawsthorn in London

PolyGram, the world's largest music group, is expected to announce that Danny Goldberg, chairman of Mercury Records, is to take charge of an expanded group of US record labels as part of the reorganisation of its North American music interests.

The reorganisation, details of which should be announced within a few weeks, follows the departure last month of Andre Harrell as chairman of Motown Records, the US soul label, after less than two years in the post.

Under the new structure, Motown will retain its own brand identity and roster of artists, but its new chairman will report to Mr Goldberg rather than to Roger Ames, chairman of PolyGram's music division, as Mr Harrell did. PolyGram is understood to be in the final stage of negotiations with a senior record executive to replace Mr Harrell.

A number of PolyGram's other East Coast-based record labels will be folded into the new company, which will probably be called the Mercury Group. The heads of those labels will also report to Mr Goldberg, as chairman of the Mercury Group. For the time being he will continue to chair the Mercury record label too.

The reorganisation is intended to enable PolyGram, 75 per cent owned by Philips, the Dutch consumer electronics group, to exercise tighter control over the costs and operations of its US record labels.

It is likely to result in some job losses from areas which will be duplicated under the new structure. Some artists may also be dropped, notably from Motown, where Mr Harrell signed numerous acts during his brief chairmanship, few of which have produced hits.

However, the scale of the cutbacks should be much smaller than at EMI Music's North American operation, which has shed hundreds of staff this year. Unlike EMI, PolyGram is not expected to close any labels, and not all its East Coast-based record companies will be incorporated into the new Mercury Group. For instance, Island Records, the label behind U2 and Pulp, will remain under the aegis of Chris Blackwell, its founder.

The formation of the Mercury Group marks the ascent of Mr Goldberg, a former Warner Music executive who once managed the cult grunge band, Nirvana, and joined PolyGram in autumn 1995, at roughly the same time as Mr Harrell.

Mercury was then seen as a moribund label which was reliant on veteran rock groups such as Bon Jovi. Mr Goldberg has revitalised it with a series of successful signings, notably Hanson, the teen idols whose eponymous debut album has sold more than 3m copies worldwide.

Yet despite Mercury's revival, PolyGram has faced fierce competition in the US music market this year.

JSkyB in talks over joint access deal with PerfecTV

By Michiyo Nakamoto in Tokyo

PerfecTV, Japan's first multi-channel digital satellite broadcaster and JSkyB, the joint venture between Rupert Murdoch's News Corporation, Sony, Fuji TV and Softbank, are in talks to offer users access to their programmes using common receiver equipment.

The news prompted speculation that the talks could eventually extend to a merger of the two services. But this was denied by JSkyB.

The two companies are discussing whether to allow subscribers to choose between either broadcaster's programme without having to buy a separate set-top box and antenna. Negotiations between the two also cover the possibility of using a single IC card containing subscriber information.

The move by PerfecTV and JSkyB to join hands reflects a growing view that it does not pay to fight a bruising battle in the Japanese market, where multi-channel broadcasting is still in its infancy.

The use of common hardware would make it more attractive for consumers to sign up to digital multi-channelservices, JSkyB said.

There has been some concern in Japan over whether a large number of new channels can attract enough subscribers. So far, PerfecTV's expansion has been much slower than initially targeted.

The company broke through the 300,000 mark in June, three months later than planned, and is thought to have made a loss of Y6bn ($51m) in the six months to March. Although the company has had a head start over JSkyB and DirecTV, its lack of experience in broadcasting has limited its appeal, critics say.

For JSkyB, which will be the last of the three broadcasters to enter the digital satellite market when it begins offering a planned 150 channels next spring, the deal would provide quick access to an established market base, said Mr Paul Smith, industry analyst at HSBC James Capel in Tokyo.

The Japanese market is thought to be difficult for newcomers since access to programmes is restricted. Even without competition among themselves, satellite broadcasters face the prospect of intense competition with the terrestrial networks which own most of the programmes and will be launching their own digital multi-channel services in a few years' time.

DirecTV, a subsidiary of the US broadcaster which will launch its own service in December, said it is looking at the possibility of using common hardware but has not held direct negotiations with either of its competitors.

Russian utility plans $500m bond issue

By Chrystia Freeland in Moscow

Unified Energy Systems, Russia's chief electricity supplier, yesterday announced a short-list of banks competing to manage a planned convertible bond issue expected to total around $500m.

The offering is likely to be one of the largest and most closely-watched of a wave of Russian corporate debt issues set to hit the international capital markets this year. At a time when Russia's privatisation programme has become mired in a series of corruption allegations, reformers in the government are hoping the open tender process for the UES bond will help set new standards of fairness and transparency.

The six groups short-listed for the tender are a consortium of Credit Suisse First Boston and Menatep, a leading Russian bank; a consortium of Deutsche Morgan Grenfell, Goldman Sachs and Renaissance Capital, a Moscow-based investment bank: Merrill Lynch: Morgan Stanley: Salomon Brothers: and a consortium of SBC Warburg and Brunswick, a Moscow-based investment bank.

Analysts said the participation of Russian banks in many of the consortia was a sign of their growing sophistication and that western investment banks would increasingly team up with locals.

Under the leadership of Boris Brevnov, 29-year-old protege of Boris Nemtsov, a leading cabinet reformer, UES has become the test-case of the government's promise to restructure Russia's bloated monopolies. Over the weekend, UES agreed to co-operate with Gazprom, Russia's natural gas giant, in battling the non-payments crisis which is the country's greatest economic problem.

Mr Brevnov, a former commercial banker, said that within 10 days a tender committee made up of UES and government officials would determine the winner of the bond competition.

Although the size of the UES bond, which will be backed by a 2.5 per cent state stake in the company, has not yet been decided, company officials said it was likely to be around $500m.

Analysts in Moscow expected strong investor interest in the UES bond, citing enthusiasm for the company which has pushed share prices up nearly five-fold this year, making it one of the top two Russian corporations by market capitalisation.

"Investors are interested in UES because it is a big Russia play, it is a play on the success of Russian reforms," one said.

Proceeds from the bond, effectively a vehicle for selling off part of the state stake in UES, are earmarked for the federal treasury, rather than for the company. The issue is part of the government reform team's concerted effort to raise money for the cash-strapped federal government by tapping rich, state-owned companies.

Chinese group to diversify

By James Harding in Shanghai

Haier Group, China's leading white goods manufacturer, is planning to expand its range through a strategic venture with a regional Chinese television and electronics producer.

The production of Haier-branded televisions will add to the competition in China's already oversupplied electronics market and underlines the company's ambitions to build a comprehensive consumer goods business.

Haier, one of the most successful companies to have emerged from China's troubled state sector, also plans to issue shares to international investors and is considering a dual listing in Hong Kong and New York.

The venture with West Lake Electronics, the largest producer of televisions and telephones in central China's Zhejiang province, will produce colour televisions and is looking to develop telephones, answering-machines and fax machines. Haier is set to make an announcement in a few weeks and the first TVs are due to come to market later this year.

In an interview at the company's headquarters in Qingdao on China's east coast, Shao Mingjin, vice-president, would not be drawn on the planned expansion into the TV market, but said only that "early in the next century we aim to be one of the top 500 companies in the world and to do that we will have to widen our business".

Haier has taken the leading share of the Chinese air conditioner market and, with rival Guangdong Kelon, controls nearly half the refrigerator market.

Mr Shao said Haier expected sales of more than Yn10bn ($1.2bn) in 1997, continuing the company's rapid growth in turnover from Yn1.1bn five years ago to Yn6.2bn last year. The company reported profits of Yn306m in 1996 and expected the figure to rise by 40 to 50 per cent this year.

Haier, which has already issued A-shares – reserved exclusively for mainland Chinese investors – is seeking government approval to issue shares to foreign buyers. Mr Shao said no details could be given on the timing or scale of the issue, but that a Hong Kong listing was more likely than a flotation in Shanghai and that the company was mulling a dual listing in New York.

He said the company would benefit from the added discipline of having to answer to foreign shareholders: "We now shoulder very heavy pressure, but ideologically there is still not enough pressure."

The company is pursuing an active programme of international expansion. Zhang Ruimin, president of Haier, is in Malaysia finalising the company's second production facility in south-east Asia, having already established a factory in Indonesia. Haier is also in talks with potential partners to open factories in South Africa and Mexico.

Household appliances are Haier Group's 'pillar industry'

The company is also diversifying into pharmaceuticals production. Mr Shao says this move reflects the strength of its "pillar industry" – household appliances – and is being conducted on a trial basis. "If it fails, it will have no influence on our pillar industry. If it succeeds, then we will support it," he said.

Colombian banks unveil merger deal

By Adam Thomson in Bogotá

Banco Industrial Colombiano (BIC), Colombia's sixth-largest bank, announced an agreement yesterday with the family-owned Banco de Colombia to merge the two institutions and create what will be the country's largest bank, with 16.5 per cent of the banking system's assets.

Under the terms of the agreement, BIC – owned by the powerful Sindicato Antioqueno industrial group – will acquire 51 per cent of Banco de Colombia's outstanding shares. The merged bank will have combined assets of $5.3bn.

BIC said it would acquire the stake through a share issue, but details of the transaction were not immediately clear. Banco de Colombia had a market capitalisation of 447.5bn pesos ($389m) at the close of trading on the Bogotá stock exchange last week.

The deal, which took analysts by surprise, was the latest move in a growing trend of consolidation among Colombia's domestic financial groups as they seek to fend off increasing competition from foreign banks.

It followed a move last week by the Luis Carlos Sarmiento Angulo Organisation, Colombia's biggest financial services group, to take control of one of the country's eight savings and loan corporations.

Banco Bilbao Vizcaya and Banco Santander, the Spanish-based banks, entered the local market last year with purchases of Banco Ganadero and Bancoquia, respectively.

"The merger announcement is a very strong response to the foreign competition," said Alejandra Torres, head of research at ING Barings in Bogotá. "Banco Ganadero, until now Colombia's leading bank in terms of assets, will stand at a slight disadvantage to the new entity," she said.

The new bank, whose name is yet to be decided, will be managed by BIC, while Isaac and Jaime Gilinsky, majority shareholders of Banco de Colombia, will remain significant shareholders in the new entity.

Banco de Colombia is the country's second-largest bank by assets, with a 10.14 per cent share of Colombia's banking systems assets.

Its planned merger with BIC follows a failed $300m deal with the Spanish Banco Central Hispanoamericano earlier this year.

INTERNATIONAL NEWS DIGEST

Early retirements hit IDB profits

Israel Discount Bank, the country's third largest, yesterday said expenses for an early-retirement programme initiated during the second quarter led to a 9 per cent decline in net income in the first half of 1997.

Net income slipped from $40.7m in the first six months of 1996 to $37m during the same period this year, including the $15m one-off charge. Excluding the charge, net income climbed 22 per cent to $53m over the same period. An IDB spokeswoman said the bank employs about 5,500 staff and plans to reduce the workforce by "hundreds" by the end of October. IDB also said it would distribute an interim dividend of Shk40m ($11.4m).

Income from financing activities before provisions for doubtful debts fell nearly 7 per cent, from $334m in the first half of 1996 to $312m in the half this year. Provisions for doubtful debts fell 4 per cent from $57m to $54.7m over the same period. *Avi Machlis, Jerusalem*

■ POLAND

Market calm over Framondi buy

A mere 3 per cent increase in the stock price of the Swiecie mill, Poland's largest paper and board producer, showed the Warsaw Stock Exchange reacting calmly yesterday to last week's purchase of a controlling stake in the company by Framondi, a partnership between Frantschach from Austria and Mondi Minorco, a Luxembourg registered company controlled the Anglo American Corporation. Last week Framondi agreed to pay $145.5m for a 60 per cent stake in Swiecie and promised to invest $175m in the company over six years. Yesterday the share price stood at 19.5 zlotys valuing the plant at $278m. Swiecie reported a 23m zlotys net profit after the first seven months of this year and is trading on a price earnings ratio of 24.7. *Christopher Bobinski, Warsaw*

■ BANKING

Polish licence for US bank

The Bank of America has received a banking licence from the National Bank of Poland, the central bank, becoming the second US bank to open a wholly owned subsidiary after Citibank entered the Polish market in 1991. The Bank of America will offer corporate banking services in addition to its venture capital activities in Poland. The bank recently won the mandate to arrange $117m worth of financing for Enron's gas fuelled heat and power plant in Nowa Sarzyna. *Christopher Bobinski*

■ TAG HEUER

Doughty Hanson to sell stake

Doughty Hanson, the UK venture capital firm, is expected to sell the bulk of its remaining stake in Tag Heuer, the Swiss watchmaker, in a SFr150m ($107m) global institutional offering this week. The sale of Doughty Hanson's 690,000 shares, equal to 13 per cent stake of Tag Heuer's equity, comes less than a year after the group's badly handled initial public offering (IPO) on the Swiss and US stock markets. The shares were floated at SFr245 a share in October 1996 but have never regained their issue price, even though the Swiss stock market has risen by nearly 50 per cent in the interim.

Tag Heuer, whose net income rose by 60 per cent to SFr25.5m in the first half of 1997, has met all its forecasts at the time of last year's IPO. Its poor share price performance has been blamed on the mispricing of the original issue, which was led by Salomon Brothers and SBC Warburg. Tag Heuer has replaced its financial advisers, and the latest issue is being managed by Morgan Stanley with HSBC and UBS as co-lead managers.

The sale of the Doughty Hanson shares will increase the free float of Tag Heuer shares by about a third, and remove the uncertainty about Doughty Hanson's long-term intentions. Tag Heuer shares closed SFr2 lower at SFr225 yesterday. *William Hall, Zurich*

■ FOODMAKING EQUIPMENT

Bühler disbands management

Bühler, one of the leading suppliers of plant and equipment for the food industry, is restructuring its business in a bid to boost its earnings by SFr70m ($50m) a year.

Urs Bühler, chief executive of the 147-year-old family business, has disbanded his group management team and has taken direct control of the food, chemical process, die casting and manufacturing and purchasing divisions. Business units are to be given greater operational autonomy and administrative services are being decentralised.

Mr Bühler said it was too early to say whether there would be any cuts in the 6,500 workforce, of which nearly half are overseas. Bühler, which has annual sales of about SFr1.4bn a year, does not disclose its profit figures.

Mr Bühler said that the streamlining of the group was necessary to ensure that it survived the next century.

Bühler, based near St Gallen, is the world leader in areas such as flour milling machinery and also has a leading position in chemical processing equipment for the paint and ink industries, and die casting machinery for the automotive industry. *William Hall, Zurich*

■ PAPER INDUSTRY

US papermakers to merge

Two Wisconsin specialty paper manufacturers, Wausau Paper Mills and Mosinee Paper said they would merge in a stock swap valued at about $442m. The merged company, to be named Wausau-Mosinee Paper, will have a market capitalisation of about $1.2bn. Mosinee shares surged $5.50 to 52-week high of $30⅝ in early trading on Nasdaq, where it was one of the biggest gainers. Wausau Paper was up $1⅜ to $22¼, also on Nasdaq. *Reuter, Wisconsin*

Comments and press releases about international companies coverage can be sent by e-mail to international.companies@ft.com

Aga shares up 6.5% despite fall in profits

Aga, the Swedish medical and industrial gases group, reported a 15 per cent fall in profits for the first half of 1997 but still beat market expectations, prompting a 6.5 per cent rise in its share price, **Reuters reports from Stockholm.**

The company posted profits after financial items of SKr821m ($103m), down from SKr964m a year ago, in spite of a rise in group sales to SKr7.07bn from SKr6.4bn. Earnings per share slipped to SKr2.19 from SKr2.80.

But the result was well ahead of market expectations of first-half profits of SKr735m and Aga shares rose sharply. The most-traded B share ended the day up SKr7.00 from Friday's close to SKr114.

Aga said currency effects were behind four percentage points of the sales increase, while operations in Puerto Rico, Ukraine and the US acquired in 1996 and 1997 contributed 4.5 percentage points.

It said the group underwent extensive restructuring in the first half of the year but confined the costs of these to SKr105m, for staff reductions, to the first quarter. "This restructuring is designed to increase customer orientation and raise efficiency and will have its full impact in 1998," it said.

The company said it sold a substantially higher volume of liquid gases, especially for the process industry, and speciality gases. It said the volume increase in cylinder gases was weaker but improvement was notable in the second quarter.

This confirmed a general trend for the company which pointed to a better second quarter than the first.

"The second quarter of the year provided better earnings than the first, and the operating margin rose to 13.9 per cent compared with 12.7 per cent in the first quarter of 1997 and 12.4 per cent for the full year 1996," Aga said, adding that this was evidence that the restructuring measures were beginning to have an impact.

"We are thus well on the way towards achieving my goal of a 15 per cent operating margin by 1999 at the latest," said Lennart Selander, chief executive.

Private shareholders crucial to bank plan

By Andrew Fisher in Munich

Stephan Schüller is a confident man, but the director of Bayerische Vereinsbank is keeping his fingers tightly crossed in the hope that enough shareholders in Bayerische Hypotheken-und Wechsel-Bank accept the offer aimed at creating Germany's second-biggest bank.

Failure of the agreed merger could damage the country's corporate image, Mr Schüller believes, since it would weaken the perception that German companies and banks can restructure properly.

The merged bank, to be called Bayerische Hypo-und Vereinsbank, plans to achieve annual cost savings of at least DM1bn ($550m) in the first five years.

"If the deal does not go through, it will have a big impact on the whole German financial market," says Mr Schüller, who is playing a leading role in the merger. Share values of both banks and of other companies could suffer as a result, he says.

Hypo-Bank shareholders still have until September 10 to decide on the offer. Vereinsbank is prepared to exchange one share in Allianz, the insurance group, for six of Hypo-Bank. Vereinsbank will use most of its 10 per cent stake in Allianz for the exchange.

Institutions, which own 52 per cent of Hypo-Bank, are unlikely to decide until the end. Therefore, the bank is pulling out the stops to tempt as many private shareholders, representing 20 per cent, as possible – just to make sure.

With the Allianz shares worth some DM8bn – free of capital gains tax under a legal ruling on such share swaps – the exchange will be Germany's second-biggest capital market transaction since November's DM20bn share sale by Deutsche Telekom.

"I believe this exchange offer will be successful," says Mr Schüller. Full acceptance will give Vereinsbank up to 45 per cent of Hypo-Bank. With less than 40 per cent, the merger will fail.

Vereinsbank says that by accepting Allianz shares, Hypo-Bank shareholders will obtain a sizeable premium on the share price prevailing when the merger was announced on July 21.

If the offer fails, the price could drop. If it succeeds, those keeping their shares risk the later disappearance of this premium, depending on how the market moves.

Some analysts say the advantage to Hypo-Bank shareholders should be enhanced by the likelihood that their bank would have a smaller weighting in the merger than first estimated.

The banks initially suggested the merger ratio would give Vereinsbank 55 per cent and Hypo-Bank 45 per cent of the new bank.

But a closer look at Vereinsbank's assets and hidden reserves suggest its weighting could be 60 per cent. Thus the value of the Allianz shares received by Hypo-Bank shareholders would be slightly more than the final weighting justified. The actual merger ratio will be decided by independent auditors.

The free float in Hypo-Bank shares – excluding those held by Allianz and Munich Re, which legally cannot take part in the offer – is 72 per cent. Vereinsbank needs 62 per cent of those to reach its goal. It is hoping shareholders will not be lulled into indecision by the warm August weather.

All eyes on the Bundesbank

GOVERNMENT BONDS

By Vincent Boland in London and John Labate in New York

Bond markets recovered some of their poise in quiet trading yesterday but failed to recoup the losses sustained during Friday's sell-off, which was sparked by fears of a resurgence in inflation.

With the UK market closed most attention was on today's German securities repurchase tender.

There has been intense speculation that the Bundesbank would set a variable interest rate for the repo, although analysts said yesterday it was unlikely to do so this week.

Although trading in European markets was very quiet prices steadied when US TREASURIES opened flat to slightly weaker without any aggressive selling pressure.

The benchmark 30-year bond was $\frac{5}{32}$ lower at $96\frac{11}{32}$, yielding 6.653 per cent, in early trading. The 10-year bond was down $\frac{3}{32}$ at $98\frac{1}{16}$, yielding 6.364 per cent, and the two-year note lost $\frac{1}{16}$ to $99\frac{27}{32}$, yielding 5.942 per cent.

The Treasury market is awaiting the revision to second-quarter GDP, due on Thursday. Since last week's unexpectedly low trade deficit report for June, analysts have expected the figure to rise sharply from the initial 2.2 per cent estimate.

"A GDP revision higher than 3.5 per cent could put the Fed back on the table," said Jack Malvey, chief global fixed income strategist at Lehman Brothers in New York. A report on durable goods orders for July is expected today.

Today will also see the first of two Treasury auctions of two-year and five-year notes. "These are likely to set the tone for the rest of the week," said Tom O'Connell, senior government trader at First Chicago Capital Markets.

Confirmation that annual German inflation rose to 2 per cent in August from 1.7 per cent, although bad news for BUNDS, did not signal an imminent rise in interest rates, analysts said.

"So far, the justifications for higher rates seem to be too weak compared with the economic risks and political problems they imply," said UBS in Frankfurt.

The benchmark September bund futures contract closed 0.10 lower at 101.88 in Frankfurt, but traders there said the market was extremely quiet, with little two-way trade.

In Paris the notional September futures contract on FRENCH BONDS settled up 0.02 at 129.46, having been as low as 129.34.

ITALIAN BTPs were weaker, with the domestic September futures contract closing 0.22 points lower at 135.65.

The domestic futures contract for SPANISH BONOS was steadier, closing 0.01 points higher at 116.68.

Springer unveils expansion plans

By Frederick Stüdemann in Berlin

Axel Springer, the German magazine and newspaper publisher, is to step up the development of new publications following the success of recent new launches and spin-offs of the group's existing titles.

Jürgen Richter, chairman, said the company would this week launch Autoforum, a new car magazine, and would reposition its existing title Geld-Zeitung, a personal finance publication.

He also said there may be further expansion of the family of titles based on the Springer flagship Bild-Zeitung, Germany's biggest-selling newspaper.

Mr Richter also said Springer wanted to increase its international presence in the newspaper market, possibly in France, the UK or the US. Any international investment, however, must guarantee "a return flow", Mr Richter said.

The planned expansion reflects a turnround at Springer following a period of sluggish growth. It has seen a significant increase in sales and profits in spite of high paper prices and weak consumer confidence.

Yesterday the company announced a 47.2 per cent increase in first-half profits to DM118.5m ($65m) on sales of DM2.2bn, up 4.5 per cent. Operating profits rose 46.8 per cent to DM229m.

Since taking charge in 1994, Mr Richter has revitalised the company. As well as improvements in the balance sheet and the launch of new titles, there have been moves to change the perception of the company as a bastion of right-wing opinion.

However, the shift in policy has brought Mr Richter into conflict with Springer's shareholders and employees. The removal of Kai Diekmann, deputy editor of Bild-Zeitung and a confidante of Helmut Kohl, the German chancellor, brought complaints from journalists of management interference in editorial policy.

Kirch, the Munich-based media group which owns 40 per cent of Springer, is also thought to have opposed Mr Diekmann's removal, which was confirmed yesterday.

Mr Richter's willingness to defy Kirch is seen as a further sign that the balance of power among Springer shareholders has changed.

In the early 1990s, Mr Richter's predecessors resisted Kirch's attempts to exercise control of the group in which it had built up a substantial stake. A settlement was reached in 1993, when Kirch was given a place on the board in return for selling some shares to the Springer family, which now owns just over 50 per cent of the company.

Initially Kirch's influence over Springer remained strong: Mr Richter was Kirch's choice for chairman. But recently relations have worsened as Kirch and Springer have fought for control of SAT-1, a commercial television channel in which both have stakes.

Observer, Page 9

China Rebar sees a bigger picture

Taiwan group wants to build on its success in cable TV to break into telecoms

China Rebar, one of Taiwan's biggest business groups, is positioning itself to become the dominant force in the country's liberalising and fast-growing telecommunications industry.

Headed by Wang You-theng, a senior figure in the ruling Nationalist party, Rebar is expanding aggressively in cable television, battling with Hohsin, another leading Taiwanese business group run by the influential Koo family, for control of the island's cable TV business. Rebar's aim is to set up an island-wide network providing a broad range of telecommunications services.

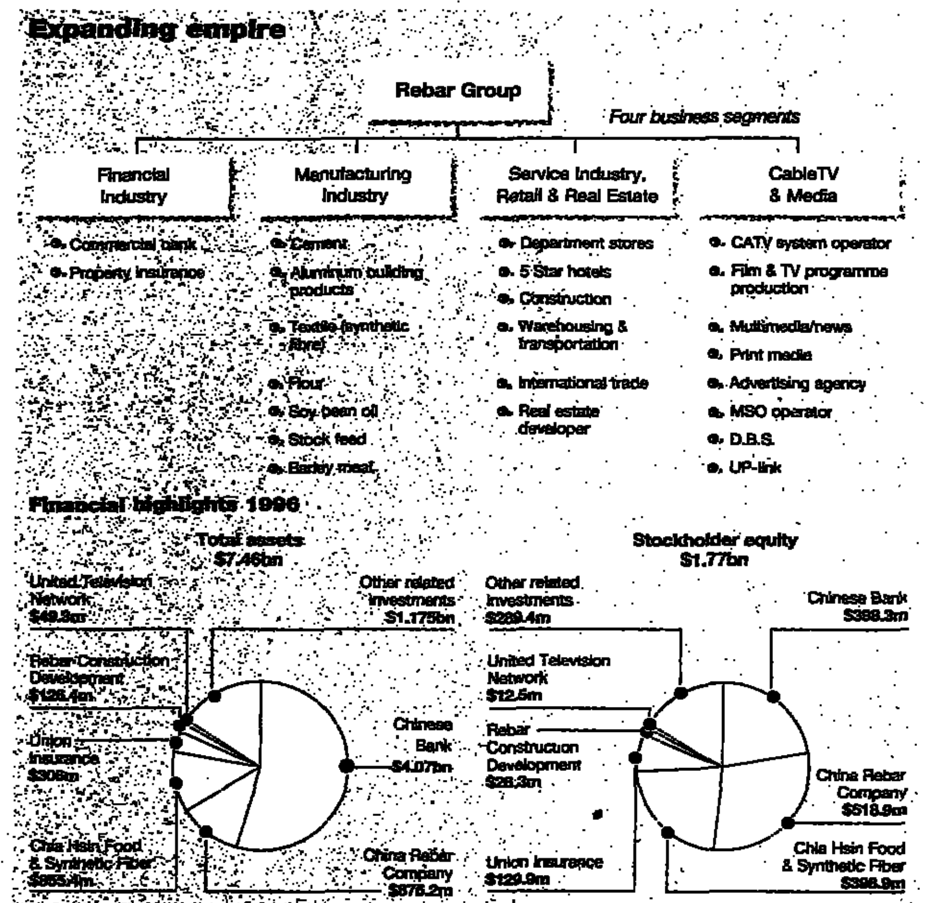
Rebar is also looking to foreign telecoms groups to help it in its quest. It is in preliminary discussions with British Telecommunications on co-operating to bid for licences to provide services in Taiwan as the market opens up.

Opportunities for foreign companies are growing. In January 1996, the national legislature scrapped the monopoly of Chunghwa Telecom, the state provider, and lifted a ban on foreign investment in the telecoms sector. Recently, the economics ministry announced plans to raise the ceiling on foreign investment in domestic cable companies from 33 per cent to 49 per cent.

Chen Mian-chuan, vice president and head of Rebar's telecommunications business, says: "If you want to invest in Asia, come to Taiwan – it's a great market." He predicts turnover in the telecommunications sector will double or even triple in five years.

Private sector companies will begin providing cellular and other wireless communication services later this year. In 2000, the government will open the market to private sector providers of satellite, domestic and international telecommunication services.

There is pent-up demand for improved telecoms services, built up over the years by the inability of Chunghwa Telecom to meet demand. Taiwan's affluent consumers are willing to pay for better service and advanced technology.



Cable television installation in Taiwan is already among the highest in the world.

Since cable TV was legalised in 1993, the proportion of Taiwan households with cable soared from 25 per cent to 75 per cent, according to the Government Information Office, a cabinet agency that regulates the media. In contrast, fewer than 10 per cent of Japanese households are cable TV subscribers.

Also, the number of system operators has plunged from about 600 to fewer than 100 as larger companies buy up smaller ones. Rebar has been the most aggressive in striking alliances with local cable distributors around the island in order to expand its reach.

Mr Chen claims Rebar is already the largest multi-system operator in Taiwan and its network will reach 45 per cent of households by the end of this year. Leveraging its strong customer base in cable television, Rebar hopes to win a licence for a fixed line telephone network in 2000.

Combined with planned satellite link-ups, Rebar aims to transform itself from a cable TV provider to offering a comprehensive array of telecoms services. Nevertheless, Chunghwa Telecom will continue to be the largest fixed-line network even after liberalisation. But Chunghwa does not intend to expand into cable television, so Rebar will be at an advantage, says Mr Chen.

To secure a leading position, Rebar has mapped out a strategy to set up an island-wide network using hybrid fibre coaxial (hfc) cable. Starting in Taipei, where Rebar already claims 80 per cent of cable TV subscribers, the company will invest $70m to build its first hfc "cluster".

Six "clusters" across the island will ultimately be linked to form a national network, at an estimated cost of T$30bn (US$1.04bn). While Chunghwa's fixed network uses conventional analogue technology, Rebar's hfc network will be based on more advanced digital technology and can accommodate a greater amount of information.

"We're starting from scratch, so we don't have the problem of double investment faced by Chunghwa if they want to upgrade their existing network," said Mr Chen. "So Chunghwa won't be able to compete with us." Having an hfc network in place will enhance Rebar's bid to secure a fixed line telephone operating licence once the market is opened up, he believes.

Laura Tyson

Foster's down 15% after jump in tax cost

By Elizabeth Robinson in Sydney

Foster's Brewing, Australia's largest brewer, announced a 15 per cent fall in net profit after abnormals last year to A$250.5m (US$187m) because of an increase in tax expenses from A$21.1m to A$70.9m.

However, it pointed to underlying growth in its main Carlton & United Breweries (CUB), which reported a double-digit percentage increase in profits.

Total sales rose 9.6 per cent to A$2.8bn.

Tax on Australian income was raised after Foster's used up its tax losses accumulated over several years. An abnormal charge of A$17.8m was also taken, relating to restructuring at Molson Breweries, the Canadian brewer 40 per cent-owned by Foster's.

CUB, Foster's core business, lifted profits 11.5 per cent to A$364.1m, the fifth year of double-digit growth, on beer sales 3.8 per cent higher at A$1.92bn.

Ted Kunkel, chief executive, said the unit had average growth of 13.8 per cent per annum over the past five years and last year increased its market share in Australia from 54 per cent to 55.2 per cent.

Foster's overall market rose in volume terms for the first time in eight years and Mr Kunkel said the start to the current year was "not bad".

The Chinese operations continued to be lossmaking, reporting a deficit last year of A$19m, compared with A$17.4m the year before.

However, Mr Kunkel said: "We remain committed to our Asia strategy", adding that Foster's would continue to invest in China. The group was still on target to break even in China by 2000, he said.

Last year, volumes sold in China rose 36 per cent to 1.2m hectolitres and Foster's now has the capacity to produce 3m hectolitres.

The contribution from Foster's share in Molson fell from A$61.4m to A$58.8m, a result "below its potential", according to Mr Kunkel.

Mr Kunkel said negotiations were continuing with Miller, of the US, for Foster's and Molson to buy its 20 per cent stake in the brewer.

UK operations, through Inntrepreneur which is jointly owned with Grand-Met, contributed A$2.1m.

INTERNATIONAL NEWS DIGEST

Daf helps Paccar in second quarter

Paccar, the US heavy truck manufacturer which last year bought Daf Trucks of the Netherlands, raised profits and sales substantially in the second quarter. Net profits rose from $51.7m to $71.5m on the back of a 54 per cent jump in sales to $1.6bn. The increase took first-half net profits from $87.4m to $129.4m while turnover climbed 47 per cent to $3bn.

The company attributed the increases partly to the inclusion of Daf, but did not release separate figures for the Netherlands operation. Paccar, which manufactures under the Peterbilt and Kenworth brands, is the second biggest maker of heavy trucks in the US and also owns Foden in the UK.

"Paccar had an excellent second quarter. The demand for our high-quality products is good, though there is some pricing pressure within the industry," said Mark Pigott, chairman. "While the truck market in Europe is down somewhat from last year, it is still a reasonable market." *Haig Simonian, Motor Industry Correspondent*

■ MOBILE TELEPHONES

Centertel buys Polish licence

Centertel, a Polish mobile telephone partnership between France Telecom and Telekomunikacja Polska, the state owned telecoms operator, has agreed to pay $100m for a new licence for a DCS 1800 network suited to urban areas.

Centertel currently has more than 200,000 subscribers on a nationwide NMT 450 mobile network which is working to capacity. It has been struggling to compete with two wholly private competitors operating more modern GSM networks. The two GSM networks, led by Deutsche Telecom and Air Touch of the US respectively, are growing fast and together have around 400,000 subscribers.

However, Centertel will now have access to around a quarter of the country's population in 10 cities because of the new DCS frequency. The cost of installing the new network is expected to reach $400m.

Yesterday Andrzej Zielinski, Poland's telecommunications minister, said he expected the number of mobile telephone subscribers to reach 1m by the end of this year and "several million" by 2000. Poland currently has about 7m fixed lines installed. *Christopher Bobinski, Warsaw*

■ SWEDISH TAKEOVER

Trelleborg acquires Skoogs

Trelleborg, the Swedish mining, metals and rubber group, yesterday said it had acquired control of Skoogs, one of the country's leading electrical appliance wholesalers, for an undisclosed sum. The company, which last week announced a jump in first-half profits from SKr657m to SKr2bn ($251m), bought 55 per cent of the capital and 80 per cent of the "B share" voting rights in Skoogs.

Although Trelleborg refused to put a total value on the deal, it said it was offering SKr75 a share for the remaining B shares in Skoogs. *Tim Burt, Stockholm*

■ AUSTRALIAN RETAILING

Woolworths warns of slowdown

Woolworths, the Australian retailer, lifted profits after tax and abnormals by 10.4 per cent to A$258.3m (US$193m) in the 53 weeks to June 29 on sales 11.3 per cent higher at A$15.6bn but warned that sales growth in the current first half would be slower. Reg Clairs, managing director, said: "If we achieve 8.5 per cent to 9 per cent in the first half, we'd be satisfied. I think it's going to be difficult." He blamed weak consumer confidence and low inflation for the slowdown.

He said margins last year were slightly higher but "I wouldn't like to predict margins would increase again. I would like to think we could at least hold them stable."

The company expects to add more than 24 outlets this year, after 67 were opened last year bringing the total to 1,089. It said the "millennium bomb", with computer systems having to be upgraded before 2000, would cost about A$30m and this would be taken as an abnormal cost in next year's accounts. *Elizabeth Robinson, Sydney*

Comalco starts to reap benefits of cost-cutting

By Elizabeth Robinson

Comalco, which is 70 per cent owned by Rio Tinto, signalled a turnround into profits for the full year after net earnings in the first half rose 50.6 per cent to A$69.6m (US$52m). Its shares rose 4 per cent on the news to close at A$6.93.

The company said conditions for the aluminium industry had improved this year, with firmer prices and steady demand. Terry Palmer, chief executive, added that the company was on target to meet the A$100m of cost-savings promised last year.

"We took the hard decisions last year and now we are reaping the first benefits," he said. "Our restructuring measures are starting to deliver lower costs."

Last year Comalco reported a full-year net loss of A$17m.

Mr Palmer said increased productivity and the continued lowering of costs would lead to better profits for the full year.

"I would be pretty disappointed if our second half wasn't better than our first," he said, although that would depend on stable metals prices and foreign exchange. Sales for the first half rose 10.7 per cent to A$843.8m.

Mr Palmer said the minerals, alumina and smelting businesses lifted profits, because of lower costs and higher production. Higher alumina sales reflected a rise in deliveries to the Boyne Island smelter, which is 59 per cent owned by Comalco.

He said the expansion of the smelter was now 98 per cent complete and predicted it would be running at full capacity later in the year – six months ahead of schedule and on budget at a cost of just over A$1bn.

Comalco's share of aluminium production from its three smelters – Boyne Island, Tiwai Point in New Zealand, and Bell Bay in Tasmania – rose 18 per cent to 255,000 tonnes.

"We expect the cost of producing value-added products to decline further as our new facilities at the Boyne Island and Tiwai Point smelters are fully bedded down," said Mr Palmer.

The upgrades and expansions are expected to be complete by the fourth quarter.

Mr Palmer said the outlook was for aluminium prices to remain firm, with demand continuing to exceed production increases.

He said that the only concern was the instability of the currencies in south-east Asia, although he added that this would be offset by improved demand in Europe and strong performances in the US and Japan.

Hicks Muse in radio buy

By Richard Tomkins in New York

Hicks, Muse, Tate & Furst, the Texas buy-out company, yesterday announced its second big deal in two weeks by confirming it had agreed to buy SFX Broadcasting, a US radio broadcasting company, for $1.2bn in cash.

It plans to merge the company with Capstar Broadcasting, a company it set up a year ago to buy radio stations in medium-sized markets across the US.

Capstar has already bought or agreed to buy 243 radio stations, making it the biggest US radio broadcaster in terms of the number of stations owned. Yesterday's deal will make it the third-biggest in terms of revenues.

Since its formation in 1989, Hicks Muse has invested heavily in radio and television broadcasting. In addition to Capstar, it has a majority stake in Chancellor Broadcasting, a company that acquires radio stations in larger US markets.

Chancellor Broadcasting is about to merge with an independent company called Evergreen Media in a move that will reduce Hicks Muse's stake in the merged company, Chancellor Media, to 13 per cent. But Tom Hicks, chairman and chief executive of Hicks Muse, will be Chancellor Media's chairman.

Hicks Muse is paying $75 a share for SFX's Nasdaq-quoted shares, which climbed $6⅛, or 9 per cent, to $74 in early trading yesterday.

In the past few weeks, SFX's shares have surged on the expectation that a bid for the company was likely.

Hicks Muse has also agreed to assume the company's debt of about $900m. When the two figures are combined, the total value of the deal is about $2.1bn.

The acquisition comes shortly after Hicks Muse announced a big expansion of its US television interests by agreeing to buy Lin Television, an operator of eight network-affiliated television stations, for $1.45bn in cash.

It brings the total value of Hicks Muse's deals to more than $24bn over the past eight years.

GE to set up Europe-wide logistics venture

By Charis Gresser

One of the largest industrial companies in the world, General Electric of the US, is throwing its might behind a new joint venture which it claims will revolutionise European logistics.

The new UK-based entity, Penske Logistics Europe, is 79 per cent owned by GE Capital, a GE division. The balance is held by the $5bn Penske Corporation, a private US company with interests spanning leasing and Indy car racing.

The venture wants to build up $500m of turnover by the end of 1998.

Logistics companies distribute and warehouse goods for manufacturers and retailers. Old-style hauliers have had to develop sophisticated IT systems that can track the physical whereabouts of the goods, invoice the manufacturers, and replenish stocks as they are sold.

Brian Bolam, who formerly ran TNT Logistics Europe and now heads Penske Logistics Europe, said: "We were getting the clear message that multinationals want a single service provider in logistics for the whole of Europe." The venture could deliver between 25 per cent and 50 per cent of savings on these companies' logistics costs, he said.

Part of the growth is expected to come from acquisitions of "six or more" small to medium-sized businesses. Large quoted UK companies are not on the list.

"We don't have time to fix broken companies and we won't be buying any lame ducks. We want to be market leaders in five years," said Mr Bolam.

The company is targeting the UK, Germany, France, Italy and the Benelux, and six main market segments: automotive, fast moving consumer goods, food, pharmaceutical/healthcare, and speciality chemicals.

Continental Europe has been something of a black spot for a number of UK logistics companies, such as NFC and Christian Salvesen, although Hays, for instance, has established successful operations in France and Germany.

Penske also plans to steer clear of pure "physical logistics" by getting involved in other parts of the production process, such as taking over the ownership of its customers' inventory, sub-assembling components and scheduling in-bound material.

Penske also claims it can improve customers' working capital by advising them on when to configure products for customers: the later this happens the more value is added on right at the end of the supply chain.

A Penske "fulfilment centre" will also offer services such as debt collection, tax representation, and product testing for multinationals headquartered outside Europe.

Asked if companies might not be reluctant to hand over such power to third parties, Mr Bolam said: "People view GE and Penske as very well managed companies. We will achieve better and more sustained margins [than our rivals]. We will not set up commodity businesses. We are not interested in straight storage or transport."

JCB to move aggressively into fresh area

By Peter Marsh

JCB Group, the construction equipment maker, will today announce it is entering the industrial lift truck business, in one of the boldest moves in recent years by a British manufacturer starting in an area of tough international competition.

Sir Anthony Bamford, JCB's chairman, promised a "full frontal assault" on the world's £6bn-a-year lift truck industry – currently dominated by German, US and Japanese companies and in which there is no big UK participant.

The company has gone back to first principles in designing its Teletruk, which hoists loads using a telescopic arm, rather than the normal platform that slides up and down a mast.

A decade ago the UK had several important lift truck makers – including Lansing Bagnall and Lancer Boss – but they have all ceased trading or been sold to competitors.

Sir Anthony – whose family owns JCB – said the company would spend "whatever is necessary" to build a leading position in the industry.

It is believed JCB is aiming for 10 per cent of the European market for lift trucks – handling systems used in manufacturing, distribution and retailing – over the next few years.

Attaining this target would mean JCB selling about £200m ($325m) of lift trucks a year, putting it among the top five makers of the vehicles in Europe.

One industrial observer said JCB – one of Britain's biggest privately owned manufacturers, best known for its back-hoe loaders – would need a "mountain of money" to take on competitors including Linde and Jungheinrich of Germany, Nacco of the US and Toyota of Japan.

It is thought JCB might have to spend £30m building up a significant market share. However, Sir Anthony – whose father, Joe, started JCB in a garage in 1945 – believes that as a private company JCB is in a better position to plan long-term than most other UK manufacturers which have to respond to short-term shareholder pressures.

JCB has sales of £750m a year, virtually all made in UK factories, and 3,300 employees. It is Europe's biggest maker of construction machines by volume. Nearly three-quarters of production is exported. So far it has spent an estimated £5m on the Teletruk.

Reshaping the lift truck industry

Peter Marsh reveals the secret history behind an innovation aiming to scoop the competition

In recent months a sharp-eyed observer stationed outside a factory in Cheadle, Staffordshire, would have spotted a series of mysteriously shaped items of machinery being transported under tarpaulins on unmarked trailers.

They were prototypes of a radically new type of lift truck destined for secret trials at factories, warehouses and distribution yards in the English Midlands.

Developing the systems in a £5m ($8.15m) project has been JCB, the private UK company best known for its construction machines. JCB believes the vehicles can propel it to annual sales of more than £1bn by early next century.

Complete secrecy has been needed to keep details away from the main contenders in the highly competitive lift-truck business.

JCB – owned by the family of Sir Anthony Bamford, the company's chairman and managing director – is believed to be aiming to take 10 per cent of Europe's £2bn-a-year lift truck business over the next few years.

The main suppliers, accounting between them for an estimated 60 per cent of the business, are Linde of Germany, the US's Nacco and Toyota of Japan.

JCB is basing its efforts on a design worked on during the past 20 months in a sectioned-off part of its factory in Cheadle. This is the home of the company's "special products" division responsible for about a 10th of JCB's £750m-a-year sales.

The 30-strong development group, comprising sales and marketing people as well as engineers, abandoned the central principle of lift trucks. This is based around a high mast mounted in front of the driver, which lifts goods up and down using a hydraulically powered chain belt.

Instead, the group opted for a telescopic boom pivoted at the rear of the vehicle, which moves up and down next to the driver. The boom can raise items weighing up to 2.5 tonnes to a height of 4m and can also slide out to up to 2.3m in front of the vehicle making it more useful than a conventional lift truck.

JCB says the system will sell for about £20,000 – a similar price range to most mast-based lift trucks. The group also claims it will offer higher productivity and be much safer. The absence of the mast should mean the driver has a clearer view of what is ahead. "We have broken the mould in lift trucks," said Sir Anthony.

The company has used manufacturing and engineering concepts pioneered in other JCB machines. In particular, the design group drew on the ideas for telescopic booms already used in JCB's "telescopic loaders" sold to the farming industry.

But it squeezed the resulting machine into 60 per cent of the volume. This ensured that the Teletruk, for all its new principles, is small and manoeuvrable enough to operate in a confined factory area or warehouse, like a conventional lift truck.

The company was also keen to listen to users. The 10 companies which JCB signed up for the secret trials were interviewed by an independent market research group to discover potential flaws. According to Ken Bainbridge, general manager of JCB's industrial division, the feedback was positive. "Lift trucks is a pretty conservative industry, but this design has left people excited," he said.

While Sir Anthony does not underestimate the difficulties of breaking into a new market, the company hopes it can repeat its success of 10 years ago when it moved for the first time into farm tractors with a design for a "Fastrac" tractor that could travel much faster than normal tractors at up to 80 kmh. Sales have grown steadily to about £80m a year, a figure the company wants to double by 2000.

The company also spent millions of pounds ramping up its marketing in the US, which provided a profit only after 13 years, but which now accounts for a quarter of sales.

"Building up in this industry may take longer than we hope," said Sir Anthony. "But we're an ambitious company, and for anyone looking at lift trucks, we reckon we've got a bloody interesting product."

Ashley Ashwood

Sir Anthony Bamford and the Teletruk, with which he hopes to attack the European market

Books Etc interested in unit of WH Smith

By Charis Gresser

Books Etc, the book chain which is preparing to float, would be interested in bidding for Waterstone's, the upmarket book retailer, if it were for sale.

Waterstone's is currently part of the WH Smith group, but there have been reports that disgruntled shareholders have asked management to consider breaking up the company.

WH Smith has said it is not under pressure to make disposals.

Richard Joseph, chief executive of Books Etc, said yesterday: "We would look at Waterstone's and would consider making a bid for it, if it should come up." He added that one reason for coming to market was to "take advantage of acquisition opportunities".

The company, currently owned by the Joseph family and Hambro Group Investments, is seeking a market listing this autumn which would value it at between £30m ($49m) and £40m. It made £2.2m pre-tax profits in the year to January 1997 on turnover of £31.2m.

The family's stake will fall from its 70 per cent level to below 50 per cent, but it is not known how many shares the vendors will be selling. The company hopes to raise between £5m and £7m of new money net of expenses.

With no gearing, it is planned to spend the proceeds on opening some 14 stores in the UK by January 2001. Books Etc has 20 outlets, some of which have introduced coffee shops and "browsing areas". The company has looked at retailing music, but had no plans to enter the market.

Mr Joseph said: "We plan to stick to our knitting. It's important for people to see us as a book store with a coffee shop, not as a lot of add-ons with a few books floating around."

Charterhouse Tilney Securities has been appointed sponsor and stockbroker to the flotation.

INTERNATIONAL PEOPLE

Bannister heads credit operation

Michael Bannister has landed the biggest automotive banking and finance job in Europe – chairman of Ford Credit Europe, the finance subsidiary with $18bn in assets of the world's second largest car maker.

Bannister, 47, succeeds David Flanigan, who is returning to the US to become executive vice-president, international financing operations, with responsibility for Ford Credit's operations in Europe, Latin America and Asia Pacific.

Bannister was formerly executive director of Ford Credit's European sales operations and worldwide trade finance division.

Responsible for all the markets in Europe, apart from the UK and Germany, he also oversaw the company's growth plans in Poland, Hungary and the Czech Republic.

Ford Credit has also announced the formal launch of operations in Hungary, almost completing the four-year consolidation of Ford's credit operations across Europe into a single entity.

Ford Credit established operations in Poland last year and expects to launch a business in the Czech Republic this year. Ford Bank Hungaria will offer a full range of financing to 36 Ford dealers and customers.

John Griffiths, London

Third generation to head De Beers

Nicky Oppenheimer, whose forefathers built South Africa's biggest company, is set to follow in their footsteps when he succeeds Julian Ogilvie Thompson as chairman of De Beers, the South African group which organises the world's rough diamond cartel.

Oppenheimer is the third generation of his family to hold the position since his grandfather, Ernest, led the company from 1929 to 1957. Ogilvie Thompson, who took over from Oppenheimer's father, Harry, in 1982, will step down at the year-end but intends to remain as De Beers' deputy-chairman.

Ogilvie Thompson, 63, said he would stay on as chairman of Anglo American, De Beers' sister company, and Minorco, Anglo's Luxembourg-based international subsidiary, until the next century. Analysts expect he will eventually hand the reins to Oppenheimer, 52, who is currently deputy chairman. Analysts said Oppenheimer was in no hurry to take up the top post.

Oppenheimer has been chairman of De Beers' London-based Central Selling Organisation, which is probably the world's most enduring and successful producer cartel, since 1985.

In an address to analysts last week, he attributed its survival over more than a century to its tradition of long-serving chairmen. "Since 1929, it is a remarkable fact that there have only been three incumbents," he said.

Ogilvie Thompson has also announced a raft of new directors for Anglo American. Bill Nairn, the former managing director of JCI, has also been appointed to Anglo's main board.

Nairn quit JCI shortly after Anglo sold its controlling stake in the mining group to a consortium led by Mzi Khumalo, its new chairman, who joined Anglo as a director earlier this year.

Rupert Pardoe, who was appointed finance director of the group's industrial subsidiary, Anglo American Industrial Corporation, in 1995 has also been appointed to the group's main board.

He will take over the current duties of Mike King, who has been Anglo's finance director since 1980. King, who is also vice-chairman of First National Bank and deputy chairman of Southern Life Association, will succeed Graham Boustred as a deputy chairman at Anglo.

Mark Ashurst, Johannesburg

Arthur Andersen promotes Randall

Partners at Arthur Andersen the audit, tax and management consulting firm, have elected Philip Randall managing partner of the UK firm. He succeeds Jim Wadia who has moved up to become worldwide managing partner for Arthur Andersen.

Randall, 44, takes the helm at a crucial point in the development of Arthur Andersen and its sister firm, Andersen Consulting. Both are determined to continue their highly successful and separate global strategies.

Meanwhile, Andersen Worldwide, their umbrella organisation, is struggling to appoint a chief executive to represent both halves of the group and to end "turf wars" between them over lucrative management consultancy work.

Randall joined Arthur Andersen in 1975 and qualified as a chartered accountant in 1978 – being admitted as a partner in 1986. He takes over on September 1.

Although a relative newcomer, Arthur Andersen probably leads the Big Six accountancy firms in terms of fee income earned. To August 1996, UK income was £295.3m – 15 per cent up on the previous year.

Since 1985 Randall has been managing partner of the firm's assurance and business advisory practice in the UK – last year being appointed managing partner for the same services in Europe, the Middle East, India and Africa.

Randall said the firm was focusing on two distinct segments of the market – the largest companies and the middle market.

He said Arthur Andersen's brand image was highly effective in attracting big clients.

"We walk to a common drum," he said. "Multinational clients in particular are very keen to see common standards and common quality."

Jim Kelly, London

ON THE MOVE

■ ROGERSON GROUP has appointed Elizabeth Krupnick president of its US subsidiary, Dewe Rogerson. Krupnick, 47, is the former chief communications officer at Prudential Insurance.

■ CONSOLIDATED FINANCIAL INSURANCE has appointed Philippe Plancoulaine general manager, Europe. He joins from AXA-U A P, France.

■ The board of MOSCOW NARODNY BANK, London has decided to rotate the roles of the members of the board. Yuri Poletaev and Alexander Semikoz have relinquished their posts as chairman of the board and chief executive of the Bank respectively. They will continue to serve as directors of the Bank and board members. Igor Souvorov has been appointed chairman of the MNB board and chief executive of the Bank. Souvorov will relinquish his present post as general manager of MNB's branch in Singapore.

■ PUTNUM INVESTMENTS has appointed Jack Chang portfolio manager and vice-president in its international equities growth group. Chang comes to Putnam after four years with Columbia Management Company in Portland, Oregon.

■ ROYAL BANK OF CANADA has appointed Marty Lippert, 38, executive vice-president and chief information officer. He joins from Mellon Bank Corporation of Pittsburgh, Pennsylvania.

■ INVESCO Europe has appointed Tom Berger head of Invesco's Global Bonds division. He joined from Mercury Asset Management. As part of the reorganisation in Invesco's Global Bond division, Martin Kraus will be leaving the company by mutual agreement.

■ PRICE WATERHOUSE LLP has appointed Carter Pate managing principal of Price Waterhouse's US and European business regeneration practice for troubled or under-performing business units. Pate joins from Sun Television and Appliances.

■ BARCLAYS/BZW GROUP has announced three appointments in its India operations. Tim Martin has been appointed director, investment banking and head of corporate finance, India. Manisha Girotra has been promoted to head of investment banking, North India. Madan Menon has been appointed director, corporate banking, India. Martin was a director, corporate finance in BZW London. Girotra has been with Barclays/BZW group since 1994. Menon joins from American Express Bank.

■ EMISIS INFOCOM has appointed Jacqueline Bourbon managing director. Bourbon was, until March 1997, managing director of Gelco Information Network.

■ Daniel Desbaillets has been appointed senior vice-president operations, Asia Pacific for INTER-CONTINENTAL HOTELS AND RESORTS. He will oversee the operational aspects of the company's 35 Asia Pacific hotels. He will also continue his duties as general manager of the Hotel Inter-Continental, Seoul.

■ DELUXE DATA INTERNATIONAL has appointed Ray Whiteside general manager of its Australian and New Zealand operations. He was general manager of Integrated Research.

■ TRIMBLE EUROPE has appointed Doug Merrill managing director. He was previously director of sales for precise positioning and navigation for Trimble.

■ James Spence joins PARIBAS ASIA EQUITY as president director in Jakarta. He was head of research for WI Carr in Jakarta. Justin Tooth joins from SBC Warburg as head of Philippines sales. Niall Shiner joins the Hong Kong research team to cover smaller companies. He was previously managing director for the Indian subcontinent at UBS Securities (Far East). Walter Lo joins as research manager in Malaysia from WI Carr in Kuala Lumpur.

■ PARETO PARTNERS, a London-based active quantitative investment management business with over US$23 billion under management, has promoted Daniel Lass to partner, responsible for European and Middle Eastern marketing.

■ CONTINUOUS SOFTWARE, based in California, which supplies products and support services directly in North America, France, Germany and the UK, as well as through resellers in many other countries, has appointed its UK managing director, Geoff Haggart, vice-president European Operations.

■ Credit card provider, PEOPLE'S BANK, has appointed Carlos Mello its new UK managing director. He joins from People's Bank's US operation where he was senior vice-president and controller of corporate finance. He replaces Ron Urquart who has taken early retirement.

■ RIVA GROUP, the international retail software and systems group, has appointed Iain Dawson, 34, finance director. He joins from Zeneca where he was financial controller for its international biocides business. Paul Briggs, until now finance director, takes on an operations role as European operations director.

■ TASS MANAGEMENT has appointed L. Hunt Taylor executive director in charge of the company's North and South American operations. Taylor was managing director of FINEX Europe, the Dublin-based trading floor of the New York Cotton Exchange's FINEX Division.

■ THE BANK OF NEW YORK has appointed Philippe Seyll vice-president, securities services sales, for France, Switzerland and Benelux. Seyll recently joined The Bank of New York from Banque Indosuez Luxembourg, where he headed the sales and marketing of fund administration services to European financial institutions.

■ CREDIT SUISSE FIRST BOSTON has appointed three new senior members to its syndicated finance team. Richard Atterbury, formerly a senior managing director with Bank of America, Chicago, joins as a managing director. Grant Johnson joins as a managing director and head of loan syndications for Europe from NatWest Markets where he was a managing director. David Slade also joins from NatWest Markets. He becomes a director in the loan syndications team.

International appointments

Please fax information on new appointments and retirements to +44 171 873 3926, marked for International People. Set fax to 'fine'.

BUSINESSES FOR SALE

US COMMODITIES PRICES

BASE METALS

■ HIGH GRADE COPPER (COMEX)

	Sett price	Day's change	High	Low	Vol	Open int
Aug	99.45	-0.55	100.40	99.40	314	920
Sep	99.60	-0.35	100.60	99.20	5,900	16,882
Oct	99.70	-0.35	100.60	99.70	153	2,132
Nov	99.10	-0.95	100.00	99.60	67	1,518
Dec	98.90	-0.85	100.40	98.70	4,415	14,325
Jan	99.00	-0.85	-	-	6	743
Total					11,139	46,476

PRECIOUS METALS

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Aug	324.6	-1.6	325.0	324.3	23	148
Sep	325.1	-1.7	323.5	323.5	-	2
Oct	326.1	-1.7	327.0	325.3	779	16,027
Dec	328.0	-1.7	328.8	327.0	45,827	114.9k
Feb	329.7	-1.7	330.0	329.5	483	14,921
Apr	331.6	-1.7	-	-	1	5,393
Total					47,951	202,654

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

Oct	408.1	-1.3	412.0	405.5	1,419	10,244
Jan	402.1	-1.8	406.0	402.0	66	2,610
Apr	396.6	-1.8	401.0	401.0	16	431
Jul	392.6	-1.8	-	-	-	2
Total					1,501	13,287

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

Sep	200.00	-1.50	204.00	197.20	504	1,739
Dec	196.00	-1.50	197.50	192.00	327	2,559
Mar	194.00	-1.50	196.50	195.00	2	161
Jun	193.50	-1.50	-	-	-	107
Total					831	4,566

■ SILVER COMEX (5,000 Troy oz.; Cents/troy oz.)

Aug	460.8	-6.9	-	-	-	-
Sep	461.2	-7.0	467.0	459.5	38,059	35,770
Dec	468.1	-7.1	474.0	466.5	9,857	31,014
Jan	469.7	-7.1	-	-	2	20
Mar	474.9	-7.1	479.0	475.0	389	11,191
May	479.2	-7.1	-	-	11	3,078
Total					48,335	88,710

ENERGY

■ CRUDE OIL NYMEX (1,000 barrels, $/barrel)

	Latest price	Day's change	High	Low	Vol	Open int
Oct	19.21	-0.49	19.77	19.14	40,040	102.9k
Nov	19.34	-0.47	19.91	19.32	9,006	45,000
Dec	19.47	-0.42	19.97	19.43	8,287	50,184
Jan	19.53	-0.39	19.99	19.51	5,070	28,680
Feb	19.60	-0.33	19.90	19.57	1,806	13,961
Mar	19.61	-0.32	19.79	19.57	1,017	9,251
Total					74,298	397,348

■ HEATING OIL NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Vol	Open int
Sep	52.05	-1.36	53.10	51.85	11,095	24,739
Oct	52.95	-1.27	54.40	52.70	8,544	40,959
Nov	54.05	-7.12	55.35	53.90	2,839	19,866
Dec	55.05	-1.02	56.30	54.80	2,694	21,725
Jan	55.75	-0.92	56.70	55.65	1,370	16,747
Feb	56.00	-0.82	56.80	56.00	401	9,080
Total					27,800	152,371

■ NATURAL GAS NYMEX (10,000 mmBtu.; $/mmBtu.)

	Latest price	Day's change	High	Low	Vol	Open int
Sep	2.490	+0.037	2.510	2.430	31,867	31,231
Oct	2.495	+0.020	2.510	2.450	15,099	52,564
Nov	2.625	+0.015	2.637	2.590	4,579	18,647
Dec	2.735	+0.010	2.745	2.715	2,460	19,242
Jan	2.753	+0.017	2.753	2.725	2,602	18,650
Feb	2.550	-	2.560	2.540	957	13,697
Total					61,311	226,828

■ UNLEADED GASOLINE
NYMEX (42,000 US galls., c/US galls.)

	Latest price	Day's change	High	Low	Vol	Open int
Sep	64.00	-3.48	67.60	63.55	22,919	25,613
Oct	59.20	-1.71	60.70	59.00	13,932	35,321
Nov	56.70	-1.41	57.80	56.60	2,761	12,531
Dec	56.15	-1.08	57.10	56.00	1,294	12,588
Jan	56.00	-1.05	56.60	56.00	255	11,447
Feb	56.50	-0.85	56.50	56.50	119	3,534
Total					41,407	110,523

GRAINS AND OIL SEEDS

■ WHEAT CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Vol	Open int
Sep	365.25	-3.50	368.50	361.00	6,881	18,320
Dec	380.25	-3.25	382.50	375.50	13,887	59,635
Mar	392.00	-4.25	393.00	387.50	1,547	17,118
May	395.00	-3.00	395.00	390.00	245	2,091
Jul	387.75	-4.25	390.50	387.00	411	7,581
Dec	403.00	-4.00	405.50	403.00	144	730
Total					23,115	105,476

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

Sep	271.25	-0.5	271.75	268.50	15,069	38,419
Dec	276.25	-1.25	277.00	272.50	47,451	179,723
Mar	284.75	-1.5	285.50	281.25	7,764	43,354
May	290.00	-0.5	290.00	286.00	1,554	11,144
Jul	292.75	-0.5	293.00	288.75	1,321	18,156
Sep	273.25	-0.75	275.50	273.00	125	1,582
Total					74,278	306,830

■ SOYABEANS CBT (5,000bu min. cents/60lb bushel)

Sep	662.75	+1.25	663.50	655.50	3,619	13,946
Nov	619.50	-2.00	620.00	613.00	18,930	82,678
Jan	621.00	-2.50	622.00	616.25	1,880	17,896
Mar	630.00	-3.50	630.00	624.00	638	7,255
May	635.75	-5.25	638.00	632.00	586	5,871
Jul	642.75	-5.25	643.00	639.50	888	6,536
Total					26,685	136,199

■ SOYABEAN OIL CBT (60,000lbs: cents/lb)

Sep	22.77	-0.2	22.85	22.67	5,543	15,100
Oct	22.93	-0.23	23.00	22.85	2,926	14,318
Dec	23.32	-0.14	23.33	23.16	16,195	40,025
Jan	23.52	-0.14	23.52	23.38	1,515	8,590
Mar	23.80	-0.17	23.80	23.60	744	6,169
May	23.95	-0.1	23.95	23.75	462	2,276
Total					27,825	88,985

■ SOYABEAN MEAL CBT (100 tons; $/ton)

Sep	244.9	+5.3	245.0	238.0	7,516	22,690
Oct	214.4	+1.6	215.0	211.5	3,870	16,877
Dec	203.8	+1.6	204.3	201.0	7,367	43,450
Jan	199.8	+1.3	200.0	197.5	1,704	7,695
Mar	194.7	+0.7	195.0	193.0	647	9,527
May	193.5	+0.3	193.5	192.0	1,112	4,611
Total					23,236	109,268

SOFTS

■ COCOA CSCE (10 tonnes; $/tonnes)

	Sett price	Day's change	High	Low	Vol	Open int
Sep	1593	+10	1600	1578	219	1,105
Dec	1615	+14	1619	1602	6,706	38,123
Mar	1646	+16	1648	1631	959	26,878
May	1665	+17	1668	1651	551	12,371
Jul	1682	+16	1683	1673	256	2,738
Sep	1701	+18	1701	1688	197	4,066
Total					9,030	100,163

■ COCOA (ICCO) (SDR's/tonne)

Aug 21	Price	Prev. day
Daily	1257.50	1226.38

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs)

Sep	173.00	+1.70	174.00	171.55	413	1,098
Dec	160.70	+1.35	163.00	158.50	3,017	9,834
Mar	148.15	+1.90	148.50	146.50	360	3,970
May	142.90	+2.15	142.10	141.00	48	1,294
Jul	137.90	+2.15	-	-	27	890
Sep	133.40	+2.15	-	-	2	290
Total					3,867	17,705

■ COFFEE (ICO) (US cents/pound)

Aug 22	Price	Prev. day
Comp. daily	125.83	124.63
15 day average	133.83	134.84

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

Oct	11.66	-0.13	11.81	11.63	10,461	95,413
Mar	11.93	-0.07	12.06	11.91	4,102	68,513
May	11.91	-0.09	12.02	11.90	819	16,434
Jul	11.79	-0.08	11.92	11.83	242	10,171
Oct	11.79	-0.06	11.90	11.78	71	9,140
Mar	11.77	-0.05	11.77	11.77	45	1,459
Total					15,740	201,259

■ COTTON NYCE (50,000lbs; cents/lbs)

Oct	73.10	-0.59	73.65	72.90	543	7,546
Dec	73.35	-0.47	73.70	73.25	2,247	42,602
Mar	74.65	-0.43	74.90	74.55	328	12,107
May	75.42	-0.43	75.55	75.30	155	4,956
Jul	76.25	-0.18	76.30	76.20	290	4,984
Oct	75.50	-0.15	75.50	75.50	2	871
Total					3,637	70,598

Softs continued

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

Sep	67.60	-0.20	68.40	67.50	1,389	9,373
Nov	69.70	+0.05	70.00	69.15	720	13,276
Jan	72.60	-0.15	73.00	72.30	456	6,368
Mar	75.45	-0.30	75.90	75.10	270	4,045
May	78.45	-0.10	78.55	78.25	2	1,175
Jul	81.15	-0.15	81.25	81.00	3	492
Total					2,851	34,858

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

	Sett Price	Day's change	High	Low	Vol	Open int
Oct	68.725	-0.200	68.900	68.550	10,145	48,532
Dec	70.325	-0.060	70.600	70.150	4,775	23,845
Feb	72.575	+0.025	72.850	72.525	1,087	11,881
Apr	74.475	-0.050	74.675	74.450	547	5,537
Jun	71.275	-0.075	71.500	71.250	655	3,704
Aug	70.850	-0.075	71.200	70.850	81	567
Total					18,604	93,864

■ LEAN HOGS CME (40,000lbs; cents/lbs)

Oct	70.925	-0.100	71.350	70.750	3,337	18,262
Dec	67.775	+0.075	68.050	67.450	1,084	6,538
Feb	66.900	-0.025	67.100	66.600	465	2,933
Apr	62.825	+0.125	63.125	62.600	55	1,804
Jun	67.575	+0.275	67.650	67.250	13	865
Jul	65.800	+0.375	65.800	65.350	5	645
Total					4,979	31,173

■ PORK BELLIES CME (40,000lbs; cents/lbs)

Aug	88.825	+2.450	88.875	86.500	116	410
Feb	71.050	-0.525	72.350	71.000	1,191	3,670
Mar	71.100	-0.850	72.000	71.550	43	325
May	72.350	-0.350	73.100	71.600	3	31
Jul	72.400	-0.400	-	72.400	2	19
Total					1,354	4,466

FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded) against four key currencies on Friday, August 22, 1997. In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

		£ STG	US $	D-MARK	YEN (x 100)
Afghanistan	(Afghani)	7624.70	4750.00	2613.77	4046.00
Albania	(Lek)	255.227	159.000	87.4924	135.434
Algeria	(Dinar)	96.7944	60.3305	33.1814	51.3633
Andorra	(French Fr)	9.8282	6.1227	3.3692	5.2152
	(Sp Peseta)	247.163	153.980	84.7324	131.158
Angola	(Readj Kwanza)	412742.1	257128.0	141489.0	219018.7
Antigua	(E Carib $)	4.3341	2.7000	1.4857	2.2998
Argentina	(Peso)	1.6043	0.9995	0.5500	0.8513
Armenia	(Dram)	806.8540	502.650	276.592	428.152
Aruba	(Florin)	2.8733	1.7900	0.9850	1.5247
Australia	(Aus $)	2.1466	1.3373	0.7359	1.1391
Austria	(Schilling)	20.5258	12.7871	7.0365	10.8919
Azerbaijan	(Manat)	6340.54o	3950.00	2173.55	3364.57
Azores	(Port Escudo)	295.919	184.350	101.445	157.027
Bahamas	(Bahama $)	1.6052	1	0.5503	0.8518
Bahrain	(Dinar)	0.6052	0.3770	0.2075	0.3211
Balearic Is	(Sp Peseta)	247.163	153.980	84.7324	131.158
Bangladesh	(Taka)	71.5117	44.5500	24.5151	37.9472
Barbados	(Barb $)	3.2286	2.0113	1.1068	1.7132
Belarus	(Rouble)	69564.5o	43336.9	23846.3	36913.9
Belgium	(Belg Fr)	60.2608	37.5410	20.6581	31.9770
Belize	(B $)	3.2104	2.0000	1.1005	1.7036
Benin	(CFA Fr)	982.820	612.270	336.921	521.525
Bermuda	(Bermudian $)	1.6052	1	0.5503	0.8518
Bhutan	(Ngultrum)	58.0602	36.1700	19.9037	30.8092
Bolivia	(Boliviano)	8.4594	5.2700	2.9000	4.4889
Botswana	(Pula)	5.9129	3.6832	2.0268	3.1373
Brazil	(Real)	1.7520	1.0915	0.6006	0.9297
Brunei	(Brunei $)	2.3966	1.4930	0.8216	1.2717
Bulgaria	(Lev)	2891.77	1801.50	991.308	1534.50
Burkina Faso	(CFA Fr)	982.820	612.270	336.921	521.525
Burma	(Kyat)	10.0802	6.2797	3.4555	5.3490
Burundi	(Burundi Fr)	569.357	354.695	195.177	302.125
Cambodia	(Riel)	4719.29	2940.00	1617.78	2504.26
Cameroon	(CFA Fr)	982.820	612.270	336.921	521.525
Canada	(Canadian $)	2.2379	1.3942	0.7672	1.1875
Canary Is	(Sp Peseta)	247.163	153.980	84.7324	131.158
Cp. Verde	(CV Escudo)	157.799	98.3050	54.0940	83.7351
Cayman Is	(CI $)	1.3294	0.8282	0.4557	0.7055
Cent. Afr. Rep	(CFA Fr)	982.820	612.270	336.921	521.525
Chad	(CFA Fr)	982.820	612.270	336.921	521.525
Chile	(Chilean Peso)	667.202	415.650	228.725	354.046
China	(Yuan)	13.3055	8.2890	4.5613	7.0605
Colombia	(Col Peso)	1857.22	1157.00	636.676	985.520
Comoros	(Fr)	737.835	459.653	252.932	391.527
Congo	(CFA Fr)	982.820	612.270	336.921	521.525
Congo (DemRep)	(Zaire)(2)	220715.1	137500.0	75661.7	117121.0
Costa Rica	(Colon)	378.418	235.745	129.723	200.805
Côte d'Ivoire	(CFA Fr)	982.820	612.270	336.921	521.525
Croatia	(Kuna)	10.2913	6.4112	3.5280	5.4610
Cuba	(Cuban Peso)(1)	33.7092	21.0000	11.5556	17.8876
Cyprus	(Cyprus £)	0.8594	0.5354	0.2946	0.4560
Czech Rep.	(Koruna)	54.2734	33.8110	18.6056	28.7998
Denmark	(Danish Krone)	11.1310	6.9343	3.8158	5.9066
Djibouti Rep	(Djib Fr)	285.276	177.720	97.7934	151.380
Dominica	(E Carib $)	4.3341	2.7000	1.4857	2.2998
Dominican Rep	(D Peso)	22.6253	14.0950	7.7560	12.0060
Ecuador	(Sucre)	6569.77o	4092.80	2252.13	3486.20
	(Sucre)	6546.01o	4078.00	2243.99	3473.59
Egypt	(Egyptian £)	5.4517	3.3963	1.8688	2.8929
El Salvador	(Colon)	14.0535	8.7550	4.8176	7.4574
Equat'l Guinea	(CFA Fr)	982.820	612.270	336.921	521.525
Estonia	(Kroon)	23.3347	14.5369	7.9994	12.3824
Ethiopia	(Ethiopian Birr)	10.6561	6.6385	3.6530	5.6546
Falkland Is	(Falk. £)	1	0.6230	0.3428	0.5306
Faroe Is	(Danish Krone)	11.1310	6.9343	3.8158	5.9066
Fiji Is	(Fiji $)	2.3097	1.4389	0.7918	1.2256
Finland	(Markka)	8.7275	5.4370	2.9919	4.6312
France	(Fr)	9.8282	6.1227	3.3692	5.2152
Fr. Cty/Africa	(CFA Fr)	982.820	612.270	336.921	521.525
Fr. Guiana	(Local Fr)	9.8282	6.1227	3.3692	5.2152
Fr. Pacific Is	(CFP Fr)	178.869	111.431	61.3167	94.9156
Gabon	(CFA Fr)	982.820	612.270	336.921	521.525
Gambia	(Dalasi)	16.0496	9.9985	5.5018	8.5166
Germany	(D-Mark)	2.9171	1.8173	1	1.5479
Ghana	(Cedi)	3531.45	2200.00	1210.62	1873.94
Gibraltar	(Gib £)	1	0.6230	0.3428	0.5306
Greece	(Drachma)	458.333	285.530	157.122	243.211
Greenland	(Danish Krone)	11.1310	6.9343	3.8158	5.9066
Grenada	(E Carib $)	4.3341	2.7000	1.4857	2.2998
Guadeloupe	(French Fr)	9.8282	6.1227	3.3692	5.2152
Guam	(US $)	1.6052	1	0.5503	0.8518
Guatemala	(Quetzal)	9.7778	6.0912	3.3518	5.1884
Guinea	(Fr)	1778.98	1107.00	609.145	942.930
Guinea-Bissau	(CFA Fr)(3)	982.820	612.270	336.921	521.525
Guyana	(Guyanese $)	228.420	142.300	78.3030	121.210
Haiti	(Gourde)	26.5019	16.5100	9.0849	14.0630
Honduras	(Lempira)	21.1806	13.1950	7.2608	11.2394
Hong Kong	(HK $)	12.4309	7.7441	4.2614	6.5963
Hungary	(Forint)	315.334	196.445	108.100	167.330
Iceland	(Icelandic Krona)	116.152	72.3600	39.8184	61.6354
India	(Indian Rupee)	58.0602	36.1700	19.9037	30.8092
Indonesia	(Rupiah)	4293.92	2675.00	1472.00	2278.53
Iran	(Rial)	4815.60u	3000.00	1650.80	2555.37
Iraq	(Iraqi Dinar)	0.4991o	0.3109	0.1711	0.2648
Iraq	(Iraqi Dinar)	1926.24m	1200.00	660.320	1022.15
Irish Rep	(Punt)	1.0905	0.6793	0.3738	0.5787
Israel	(Shekel)	5.6617	3.5271	1.9409	3.0043
Italy	(Lira)	2847.22	1773.75	976.063	1510.86
Jamaica	(Jamaican $)	55.2992	34.4500	18.9567	29.3441
Japan	(Yen)	188.451	117.400	64.6031	100
Jordan	(Jordanian Dinar)	1.1381	0.7090	0.3901	0.6039
Kazakhstan	(Tenge)	121.722	75.8300	41.7267	64.5911
Kenya	(Kenya Shilling)	104.740	65.2500	35.9058	55.5792
Kiribati	(Australian $)	2.1466	1.3373	0.7359	1.1391
Korea North	(Won)	3.5315	2.2000	1.2106	1.8739
Korea South	(Won)	1444.68	900.000	495.254	766.610
Kuwait	(Kuwaiti Dinar)	0.4897	0.3051	0.1679	0.2598
Laos	(New Kip)	1542.60	961.000	528.807	818.569
Latvia	(Lats)	0.9378	0.5843	0.3215	0.4977
Lebanon	(Lebanese £)	2465.59	1536.00	845.233	1308.35
Lesotho	(Maluti)	7.5349	4.6940	2.5830	3.9983
Liberia	(Liberian $)	1.6052	1	0.5503	0.8518
Libya	(Libyan Dinar)	0.6156	0.3835	0.2110	0.3267
Liechtenstein	(Swiss Fr)	2.4067	1.4993	0.8250	1.2771
Lithuania	(Litas)	6.4201	3.9996	2.2009	3.4068
Luxembourg	(Lux Fr)	60.2608	37.5410	20.6581	31.9770
Macao	(Pataca)	12.8400	7.9990	4.4016	6.8135
Macedonia	(Denar)	92.0941	57.3723	31.5701	48.8691
Madagascar	(MG Fr)	7945.74	4950.00	2723.82	4216.35
Madeira	(Port Escudo)	295.919	184.350	101.445	157.027
Malawi	(Kwacha)	27.8904	17.3750	9.5609	14.7998
Malaysia	(Ringgit)	4.4536	2.7745	1.5268	2.3633
Maldive Is	(Rufiya)	18.8932	11.7700	6.4766	10.0256
Mali Rep	(CFA Fr)	982.820	612.270	336.921	521.525
Malta	(Maltese Lira)	0.6371	0.3969	0.2184	0.3381
Martinique	(Local Fr)	9.8282	6.1227	3.3692	5.2152
Mauritania	(Ouguiya)	248.646	154.900	85.2387	131.942
Mauritius	(Maur Rupee)	34.8409	21.7050	11.9439	18.4881
Mexico	(Mexican Peso)	12.5005	7.7875	4.2853	6.6333
Moldova	(Leu)	7.3117	4.5550	2.5066	3.8799
Monaco	(French Fr)	9.8282	6.1227	3.3692	5.2152
Mongolia	(Tugrik)	14120.6	8796.76	4840.57	7492.98
Montserrat	(E Carib $)	4.3341	2.7000	1.4857	2.2998
Morocco	(Dirham)	15.8313	9.8625	5.4270	8.4008
Mozambique	(Metical)	18353.9	11434.0	6291.75	9739.35
Namibia	(S A Rand)	7.5349	4.6940	2.5830	3.9983
Nauru Is	(Australian $)	2.1466	1.3373	0.7359	1.1391
Nepal	(Nepalese Rupee)	91.4162	56.9500	31.3377	48.5094
Netherlands	(Guilder)	3.2840	2.0459	1.1258	1.7426
N'nd Antilles	(A/Guilder)	2.8733	1.7900	0.9850	1.5247
New Zealand	(NZ $)	2.4851	1.5481	0.8519	1.3187
Nicaragua	(Gold Cordoba)	15.3703	9.5753	5.2690	8.1561
Niger Rep	(CFA Fr)	982.820	612.270	336.921	521.525
Nigeria	(Naira)	35.1314o	21.8860	12.0431	18.6423
	(Naira)	132.269m	82.4000	45.3432	70.1874
Norway	(Nor. Krone)	12.1816	7.5888	4.1760	6.4641
Oman	(Rial Omani)	0.6181	0.3851	0.2119	0.3280
Pakistan	(Pak. Rupee)	64.9777	40.4795	22.2751	34.4800
Panama	(Balboa)	1.6052	1	0.5503	0.8518
Papua New Guinea	(Kina)	2.2593	1.4075	0.7745	1.1989
Paraguay	(Guarani)	3500.94	2181.00	1200.13	1857.75
Peru	(New Sol)	4.2522	2.6490	1.4577	2.2564
Philippines	(Peso)	47.8511	29.8100	16.4039	25.3918
Pitcairn Is	(£ Sterling)	1	0.6230	0.3428	0.5306
	(NZ $)	2.4851	1.5481	0.8519	1.3187
Poland	(Zloty)	5.5788	3.4755	1.9125	2.9604
Portugal	(Escudo)	295.919	184.350	101.445	157.027
Puerto Rico	(US $)	1.6052	1	0.5503	0.8518
Qatar	(Riyal)	5.8441	3.6407	2.0034	3.1011
Reunion Is. de la	(F/Fr)	9.8282	6.1227	3.3692	5.2152
Romania	(Leu)	11902.6	7415.00	4080.34	6316.01
Russia	(Rouble)	9351.90m	5826.00	3205.94	4962.52
Rwanda	(Fr)	490.731	305.713	168.224	260.403
St Christopher	(E Carib $)	4.3341	2.7000	1.4857	2.2998
St Helena	(£)	1	0.6230	0.3428	0.5306
St Lucia	(E Carib $)	4.3341	2.7000	1.4857	2.2998
St Pierre & Miquelon	(F/Fr)	9.8282	6.1227	3.3692	5.2152
St Vincent	(E Carib $)	4.3341	2.7000	1.4857	2.2998
San Marino	(Italian Lira)	2847.22	1773.75	976.063	1510.86
Sao Tome	(Dobra)	3828.61	2385.13	1312.46	2031.63
Saudi Arabia	(Riyal)	6.0206	3.7507	2.0639	3.1948
Senegal	(CFA Fr)	982.820	612.270	336.921	521.525
Seychelles	(Rupee)	8.2267	5.1250	2.8201	4.3654
Sierra Leone	(Leone)	1252.06	780.000	429.208	664.395
Singapore	($)	2.3966	1.4930	0.8216	1.2717
Slovakia	(Koruna)	55.7101	34.7060	19.0981	29.5622
Slovenia	(Tolar)	272.774	169.932	93.5103	144.746
Solomon Is	($)	5.8907	3.6698	2.0194	3.1259
Somali Rep	(Shilling)	4205.63	2620.00	1441.70	2231.69
South Africa	(Rand)	7.5349	4.6940	2.5830	3.9983
Spain	(Peseta)	247.169	153.980	84.7324	131.158
Spanish Ports in N Africa	(Sp Peseta)	247.169	153.980	84.7324	131.158
Sri Lanka	(Rupee)	94.6688	58.9750	32.4529	50.2342
Sudan Rep	(Dinar)	247.201	154.000	84.7411	131.176
Surinam	(Guilder)	643.686	401.000	220.657	341.567
Swaziland	(Lilangeni)	7.5349	4.6940	2.5830	3.9983
Sweden	(Krona)	12.7707	7.9559	4.3780	6.7767
Switzerland	(Fr)	2.4067	1.4993	0.8250	1.2771
Syria	(£)	64.2081	40.0000	22.0107	34.0716
Taiwan	($)	46.1110	28.7260	15.8074	24.4685
Tanzania	(Shilling)	992.817	618.500	340.340	526.831
Thailand	(Baht)	54.3361	33.8500	18.6270	28.8330
Togo Rep	(CFA Fr)	982.820	612.270	336.921	521.525
Tonga Is	(Pa'anga)	2.1466	1.3373	0.7359	1.1391
Trinidad/Tobago	($)	9.8840	6.1575	3.3883	5.2449
Tunisia	(Dinar)	1.8343	1.1428	0.6288	0.9734
Turkey	(Lira)	266205.4	165840.0	91258.8	141260.8
Turks & Caicos	(US $)	1.6052	1	0.5503	0.8518
Tuvalu	(Australian $)	2.1466	1.3373	0.7359	1.1391
Uganda	(New Shilling)	1757.69	1095.00	602.542	932.709
Ukraine	(Hryvna)	2.9794	1.8561	1.0214	1.5810
U A E	(Dirham)	5.8956	3.6728	2.0211	3.1284
United Kingdom	(£)	1	0.6230	0.3428	0.5306
United States	(US $)	1.6052	1	0.5503	0.8518
Uruguay	(Peso Uruguayo)	15.5705	9.7000	5.3376	8.2624
Vanuatu	(Vatu)	186.043	115.900	63.7777	98.7223
Vatican	(Lira)	2847.22	1773.75	976.063	1510.86
Venezuela	(Bolivar)	796.380v	496.125	273.009	422.594
Vietnam	(Dong)	18769.6	11693.0	6434.27	9959.97
Virgin Is-British	(US $)	1.6052	1	0.5503	0.8518
Virgin Is-US	(US $)	1.6052	1	0.5503	0.8518
Western Samoa	(Tala)	4.1673	2.5961	1.4286	2.2113
Yemen (Rep of)	(Rial)	208.676r	130.000	71.5347	110.733
Yugoslavia	(New Dinar)	9.1631	5.7084	3.1411	4.8624
Zambia	(Kwacha)	2132.51	1328.50	731.050	1131.60
Zimbabwe	($)	19.0136	11.8450	6.5181	10.0894
ECU	(ECU)	1.4830	0.9239	0.5084	0.7869
SDR	(SDR)	1.17956	0.740803	0.399182	0.629804

Abbreviations: (a) Free rate; (m) Market rate; (o) Official rate, (v) Parallel rate (t) Tourist rate (u) Currency fixed against the US Dollar (v) Floating rate (1) Market rate now shown for Cuba (2)Name changed from Zaire on May 19th 1997, currency scheduled to change to Congolese Francs (3) Guinea-Bissau adopted the CFA Franc to replace the Peso on 1/5/97: FT enquiries to Business Research Centre 0171 256 5130. Some data derived from THE WM/REUTERS CLOSING SPOT RATES & Bank of America, Economics Department, London Trading Centre. Enquiries: 0171 634 4365.

To obtain a copy of this table by Fax from the Cityline service dial 0891 437001. Calls are charged at 50p per minute at all times. Friday, August 22, 1997

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

½ hour period ending	Provisional Prices for Trading on [illegible]: Pool purchase price	Pool selling price	Final Prices for Trading on [illegible]: Pool purchase price	TS rate of system price
0030	[illegible]	[illegible]	[illegible]	[illegible]
0100	[illegible]	[illegible]	[illegible]	[illegible]
0130	[illegible]	[illegible]	[illegible]	[illegible]
0200	[illegible]	[illegible]	[illegible]	[illegible]
0230	[illegible]	[illegible]	[illegible]	[illegible]
0300	[illegible]	[illegible]	[illegible]	[illegible]
0330	[illegible]	[illegible]	[illegible]	[illegible]
0400	[illegible]	[illegible]	[illegible]	[illegible]
0430	[illegible]	[illegible]	[illegible]	[illegible]
0500	[illegible]	[illegible]	[illegible]	[illegible]
0530	[illegible]	[illegible]	[illegible]	[illegible]
0600	[illegible]	[illegible]	[illegible]	[illegible]
0630	[illegible]	[illegible]	[illegible]	[illegible]
0700	[illegible]	[illegible]	[illegible]	[illegible]
0730	[illegible]	[illegible]	[illegible]	[illegible]
0800	[illegible]	[illegible]	[illegible]	[illegible]
0830	[illegible]	[illegible]	[illegible]	[illegible]
0900	[illegible]	[illegible]	[illegible]	[illegible]
0930	[illegible]	[illegible]	[illegible]	[illegible]
1000	[illegible]	[illegible]	[illegible]	[illegible]
1030	[illegible]	[illegible]	[illegible]	[illegible]
1100	[illegible]	[illegible]	[illegible]	[illegible]
1130	[illegible]	[illegible]	[illegible]	[illegible]
1200	[illegible]	[illegible]	[illegible]	[illegible]
1230	[illegible]	[illegible]	[illegible]	[illegible]
1300	[illegible]	[illegible]	[illegible]	[illegible]
1330	[illegible]	[illegible]	[illegible]	[illegible]
1400	[illegible]	[illegible]	[illegible]	[illegible]
1430	[illegible]	[illegible]	[illegible]	[illegible]
1500	[illegible]	[illegible]	[illegible]	[illegible]
1530	[illegible]	[illegible]	[illegible]	[illegible]
1600	[illegible]	[illegible]	[illegible]	[illegible]
1630	[illegible]	[illegible]	[illegible]	[illegible]
1700	[illegible]	[illegible]	[illegible]	[illegible]
1730	[illegible]	[illegible]	[illegible]	[illegible]
1800	[illegible]	[illegible]	[illegible]	[illegible]
1830	[illegible]	[illegible]	[illegible]	[illegible]
1900	[illegible]	[illegible]	[illegible]	[illegible]
1930	[illegible]	[illegible]	[illegible]	[illegible]
2000	[illegible]	[illegible]	[illegible]	[illegible]
2030	[illegible]	[illegible]	[illegible]	[illegible]
2100	[illegible]	[illegible]	[illegible]	[illegible]
2130	[illegible]	[illegible]	[illegible]	[illegible]
2200	[illegible]	[illegible]	[illegible]	[illegible]
2230	[illegible]	[illegible]	[illegible]	[illegible]
2300	[illegible]	[illegible]	[illegible]	[illegible]
2330	[illegible]	[illegible]	[illegible]	[illegible]
2400	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

هكذا من الأصل

CURRENCIES AND MONEY

POUND SPOT FORWARD AGAINST THE POUND

Aug 25		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	low	One month Rate	%PA	Three months Rate	%PA	One year Rate	%PA	Bank of Eng. Index
Europe													
Austria	(Sch)	20.5459	+0.0201	365 - 553	20.6099	20.4794	20.4915	3.2	20.3789	3.3	19.8733	3.3	102.1
Belgium	(BFr)	60.2610	+0.0002	403 - 816	60.4470	60.2170	60.081	3.6	59.711	3.7	57.981	3.8	101.5
Denmark	(DKr)	11.1240	-0.007	206 - 273	11.1593	11.1128	11.0925	3.4	11.0285	3.4	10.737	3.5	103.8
Finland	(FM)	8.7290	+0.0015	216 - 364	8.7580	8.7216	8.7038	3.5	8.6511	3.6	8.4385	3.3	81.1
France	(FFr)	9.8353	+0.0071	319 - 387	9.8658	9.8290	9.8023	4.0	9.7453	3.7	9.4698	3.7	104.2
Germany	(DM)	2.9197	+0.0026	184 - 209	2.9304	2.9166	2.9104	3.8	2.8914	3.9	2.8045	3.9	102.3
Greece	(Dr)	458.919	+0.586	767 - 070	460.351	457.918	460.702	-4.7	463.326	-3.8	471.694	-2.8	65.1
Ireland	(I£)	1.0944	+0.0039	933 - 955	1.0975	1.0904	1.0939	0.5	1.0925	0.7	1.0817	1.2	98.7
Italy	(L)	2846.58	-0.64	545 - 771	2858.52	2845.45	2846.66	0.0	2846.62	0.0	2844.03	0.1	75.9
Luxembourg	(LFr)	60.2610	+0.0002	403 - 816	60.4470	60.2170	60.081	3.6	59.711	3.7	57.981	3.8	101.5
Netherlands	(Fl)	3.2874	+0.0034	865 - 883	3.2984	3.2851	3.2772	3.7	3.2563	3.8	3.1608	3.9	100.9
Norway	(NKr)	12.1781	-0.0035	722 - 840	12.2737	12.1276	12.1456	3.2	12.0846	3.1	11.8156	3.0	95.7
Portugal	(Es)	295.867	-0.052	741 - 993	297.097	295.741	295.711	0.6	295.181	0.9	291.093	1.6	92.1
Spain	(Pta)	246.863	-0.308	745 - 982	247.570	246.640	246.548	1.5	245.798	1.7	241.428	2.2	76.5
Sweden	(SKr)	12.7768	+0.0059	708 - 826	12.8155	12.7527	12.7491	2.6	12.6906	2.7	12.4341	2.7	84.8
Switzerland	(SFr)	2.4057	-0.001	046 - 068	2.4177	2.4025	2.3948	5.5	2.3722	5.6	2.2719	5.6	105.3
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	101.7
Ecu	-	1.4850	+0.002	840 - 859	1.4912	1.4833	1.4817	2.7	1.4746	2.8	1.4405	3.0	-
SDR†	-	1.176523	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.6038	-0.0005	035 - 040	1.6081	1.6006	-	-	-	-	-	-	-
Brazil	(R$)	1.7516	-0.0004	510 - 522	1.7570	1.7486	-	-	-	-	-	-	-
Canada	(C$)	2.2325	-0.0054	317 - 332	2.2387	2.2274	2.2256	3.7	2.212	3.7	2.1611	3.2	84.2
Mexico	(New Peso)	12.4378	-0.0627	278 - 478	12.4852	12.4186	-	-	-	-	-	-	-
USA	($)	1.6041	-0.0011	038 - 043	1.6100	1.6015	1.602	1.6	1.598	1.5	1.582	1.4	105.5
Pacific/Middle East/Africa													
Australia	(A$)	2.1481	+0.0015	470 - 491	2.1557	2.1402	2.1444	2.0	2.1361	2.2	2.0991	2.3	94.1
Hong Kong	(HK$)	12.4202	-0.0107	174 - 229	12.4646	12.3996	12.4192	0.1	12.4127	0.2	12.3577	0.5	-
India	(Rs)	58.3073	+0.2471	576 - 570	58.5570	58.0576	58.5025	-4.0	58.9031	-4.1	60.5828	-3.9	-
Israel	(Shk)	5.6510	-0.0007	534 - 686	5.6870	5.6534	-	-	-	-	-	-	-
Japan	(Y)	190.321	+1.87	211 - 430	190.590	189.120	189.301	6.4	187.276	6.4	178.291	6.3	132.2
Malaysia	(M$)	4.4472	-0.0064	425 - 519	4.4627	4.4410	4.4514	-1.1	4.4594	-1.1	4.4781	-0.7	-
New Zealand	(NZ$)	2.4767	-0.0084	750 - 784	2.4896	2.4734	2.4799	-1.6	2.4837	-1.1	2.4843	-0.3	108.1
Philippines	(Peso)	47.8809	+0.0298	932 - 686	49.0059	47.7932	48.0407	-4.0	48.2902	-3.4	49.3471	-3.1	-
Saudi Arabia	(SR)	6.0159	-0.0047	147 - 171	6.0380	6.0066	6.0124	0.7	6.004	0.8	5.9675	0.8	-
Singapore	(S$)	2.3965	-0.0001	945 - 984	2.4085	2.3899	2.3919	2.3	2.3818	2.5	2.3336	2.6	-
South Africa	(R)	7.5294	-0.0055	258 - 330	7.5501	7.4942	7.5901	-9.7	7.708	-9.5	8.1449	-8.2	-
South Korea	(Won)	1450.88	+8.18	683 - 510	1455.10	1446.83	-	-	-	-	-	-	-
Taiwan	(T$)	46.0788	-0.0322	708 - 867	46.2185	46.0063	46.0622	0.4	46.0224	0.5	45.8248	0.6	-
Thailand	(Bt)	54.6982	+0.3821	292 - 671	54.8871	52.5292	55.0348	-7.4	55.4964	-5.8	56.5266	-3.3	-

† Rates for Aug 22. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1990 = 100. Index rebased 1/2/95. Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T. The exchange rates printed in this table are also available on the internet at http://www.FT.com

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Aug 25		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	low	One month Rate	%PA	Three months Rate	%PA	One year Rate	%PA	J.P Morgan Index
Europe													
Austria	(Sch)	12.8088	+0.0217	049 - 126	12.8470	12.7636	12.7848	2.2	12.7358	2.3	12.5118	2.3	101.7
Belgium	(BFr)	37.5680	+0.027	610 - 750	37.6900	37.4560	37.493	2.4	37.3415	2.4	36.648	2.4	101.6
Denmark	(DKr)	6.9349	+0.0006	339 - 359	6.9556	6.9110	6.9232	2.0	6.8989	2.1	6.7925	2.1	103.1
Finland	(FM)	5.4419	+0.0049	381 - 456	5.4609	5.4303	5.4304	2.5	5.4068	2.6	5.3129	2.4	80.5
France	(FFr)	6.1316	+0.0089	304 - 327	6.1502	6.1155	6.12	2.3	6.0962	2.3	5.9874	2.4	103.5
Germany	(DM)	1.8202	+0.0029	197 - 207	1.8258	1.8145	1.8164	2.5	1.8086	2.6	1.7736	2.6	101.9
Greece	(Dr)	286.100	+0.57	050 - 150	286.870	284.790	287.385	-5.4	289.45	-4.7	298.6	-3.7	64.9
Ireland	(I£)	1.4658	-0.0062	645 - 670	1.4745	1.4625	1.465	0.6	1.4641	0.5	1.4645	0.1	-
Italy	(L)	1774.62	+0.87	419 - 505	1782.00	1769.22	1776.38	-1.2	1779.39	-1.1	1782.82	-0.5	75.7
Luxembourg	(LFr)	37.5680	+0.027	610 - 750	37.6900	37.4560	37.493	2.4	37.3415	2.4	36.648	2.4	101.6
Netherlands	(Fl)	2.0495	+0.0036	492 - 497	2.0558	2.0432	2.0453	2.5	2.0368	2.5	1.999	2.5	100.9
Norway	(NKr)	7.5921	+0.0033	896 - 946	7.6400	7.5585	7.5777	2.3	7.5492	2.3	7.4375	2.0	95.0
Portugal	(Es)	184.450	+0.1	400 - 500	185.050	184.180	184.413	0.2	184.36	0.2	183.19	0.7	92.6
Spain	(Pta)	153.900	-0.08	850 - 950	154.400	153.570	153.855	0.4	153.68	0.6	152.505	0.9	78.0
Sweden	(SKr)	7.9652	+0.0093	627 - 677	7.9872	7.9397	7.9562	1.4	7.9368	1.4	7.8628	1.3	84.3
Switzerland	(SFr)	1.4998	+0.0005	993 - 002	1.5031	1.4943	1.4945	4.3	1.4838	4.3	1.4383	4.1	104.9
UK	(£)	1.6041	-0.0011	038 - 043	1.6100	1.6015	1.602	1.6	1.598	1.5	1.582	1.4	101.8
Ecu	-	1.0802	-0.0022	797 - 807	1.0830	1.0765	1.0817	-1.6	1.0843	-1.7	1.1004	-1.9	-
SDR†	-	0.73542	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	0.9998	+0.0003	998 - 998	0.9998	0.9998	-	-	-	-	-	-	-
Brazil	(R$)	1.0920	+0.0005	918 - 922	1.0922	1.0905	-	-	-	-	-	-	-
Canada	(C$)	1.3918	-0.0024	915 - 920	1.3923	1.3900	1.3886	2.7	1.3829	2.5	1.3623	2.1	84.1
Mexico	(New Peso)	7.7540	-0.0335	490 - 590	7.7600	7.7490	7.8625	-16.8	8.0735	-18.5	8.984	-15.9	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	108.2
Pacific/Middle East/Africa													
Australia	(A$)	1.3391	+0.0018	387 - 396	1.3396	1.3387	1.3385	0.5	1.3367	0.7	1.3283	0.8	95.6
Hong Kong	(HK$)	7.7430	-0.0011	425 - 435	7.7450	7.7407	7.7435	-0.1	7.7444	-0.1	7.7467	0.0	-
India	(Rs)	36.3500	+0.18	000 - 000	36.5000	36.2000	36.4875	-4.5	36.7725	-4.6	37.985	-4.5	-
Israel	(Shk)	3.5292	+0.0021	250 - 334	3.5334	3.5220	-	-	-	-	-	-	-
Japan	(Y)	118.650	+1.25	600 - 700	118.740	117.950	118.135	5.2	117.135	5.1	112.835	4.9	133.3
Malaysia	(M$)	2.7725	-0.002	700 - 750	2.7750	2.7650	2.777	-1.9	2.786	-1.9	2.816	-1.6	-
New Zealand	(NZ$)	1.5440	-0.0041	432 - 449	1.5449	1.5432	1.5448	-0.6	1.5472	-0.8	1.5573	-0.9	-
Philippines	(Peso)	29.8500	+0.04	000 - 000	30.6000	29.7000	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7505	-0.0002	503 - 506	3.7506	3.7503	3.7512	-0.2	3.7522	-0.2	3.7569	-0.2	-
Singapore	(S$)	1.4940	+0.001	930 - 950	1.4995	1.4872	1.4923	1.4	1.4885	1.5	1.469	1.7	-
South Africa	(R)	4.8940	-	925 - 955	4.8955	4.8715	4.7345	-10.4	4.814	-10.2	5.1165	-9.0	-
South Korea	(Won)	904.500	+4.5	000 - 000	907.000	902.000	-	-	-	-	-	-	-
Taiwan	(T$)	28.7265	+0.0005	260 - 270	28.7270	28.7260	28.7375	-0.5	28.7465	-0.3	28.839	-0.4	-
Thailand	(Bt)	34.1000	+0.25	000 - 000	34.0500	32.7000	34.545	-15.7	35.25	-13.5	36.48	-7.0	-

† SDR rate per $ for Aug 22. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan nominal indices Aug 22: Base average 1990=100. The exchange rates printed in this table are also available on the internet at http://www.FT.com

WORLD INTEREST RATES

MONEY RATES

August 22	Over night	One month	Three mths	Six mths	One year	Lomb. inter.	Dis. rate	Repo rate
Belgium	3⅜	3⅜	3⅜	3 17/32	3 21/32	6.00	2.50	-
week ago	3⅜	3⅜	3⅜	3½	3 21/32	6.00	2.50	-
France	3 5/32	3 5/16	3⅜	3 15/32	3 19/32	3.10	-	4.75
week ago	3 5/32	3 5/16	3⅜	3⅜	3 21/32	3.10	-	4.75
Germany	3 1/16	3 3/16	3¼	3⅜	3⅝	4.50	2.50	3.00
week ago	3	3 3/16	3 5/16	3⅜	3 9/16	4.50	2.50	3.00
Ireland	6½	6 5/16	6 5/16	6 5/16	6⅝	-	-	6.75
week ago	6	6 5/16	6 5/16	6 7/16	6½	-	-	6.75
Italy	6⅝	6 25/32	6 11/16	6 21/32	6½	7.75	6.25	6.17
week ago	6⅝	6 25/32	6 25/32	6⅝	6 17/32	7.75	6.25	6.27
Netherlands	3 5/32	3 5/16	3 7/16	3 17/32	3 21/32	-	2.50	3.00
week ago	3 5/16	3 5/16	3⅜	3 17/32	3 21/32	-	2.50	3.00
Switzerland	⅞	1 17/32	1 17/32	1 19/32	1 21/32	-	1.00	-
week ago	¾	1 17/32	1 9/16	1 9/16	1 21/32	-	1.00	-
US	5 7/16	5½	5⅝	5 25/32	6	-	5.00	-
week ago	5⅝	5½	5 19/32	5¾	5 27/32	-	5.00	-
Japan	½	15/32	½	⅝	23/32	-	0.50	-
week ago	15/32	15/32	½	⅝	23/32	-	0.50	-
■ $ LIBOR FT London								
Interbank Fixing	-	5⅝	5 23/32	5 27/32	6 1/32	-	-	-
week ago	-	5⅝	5¾	5 27/32	6 1/32	-	-	-
US Dollar CDs	-	5.43	5.46	5.53	5.57	-	-	-
week ago	-	5.43	5.46	5.54	5.72	-	-	-
ECU Linked Ds	-	4 3/16	4¼	4 11/32	4 15/32	-	-	-
week ago	-	4 3/16	4 3/16	4 11/32	4 15/32	-	-	-
SDR Linked Ds	-	3 11/32	3⅜	3 15/32	3 19/32	-	-	-
week ago	-	3 11/32	3 5/16	3 15/32	3 21/32	-	-	-

$ LIBOR Interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo Mitsubishi, Barclays and National Westminster.
Mid rates are shown for the domestic Money Rates, US$ CDs, ECU & SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

Aug 22	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	3½ - 3 3/16	3½ - 3 11/32	3⅝ - 3½	3 11/16 - 3 19/32	3¾ - 3⅝	3⅞ - 3 25/32
Danish Krone	3¾ - 3 21/32	3 13/16 - 3 7/16	3 9/16 - 3 15/32	3 21/32 - 3 15/32	3⅞ - 3 23/32	4 1/32 - 3 15/16
German Mark	3⅛ - 2 15/16	3⅜ - 3¼	3 7/32 - 3 3/32	3 5/16 - 3 3/16	3 7/16 - 3 11/32	3 21/32 - 3 17/32
Dutch Guilder	3¼ - 3⅛	3 5/16 - 3 3/16	3 11/32 - 3 3/16	3 13/32 - 3 11/32	3 17/32 - 3½	3¾ - 3 21/32
French Franc	3¼ - 3⅛	3 11/32 - 3 7/32	3 11/32 - 3 7/32	3 13/32 - 3 5/16	3 17/32 - 3 7/16	3 23/32 - 3⅝
Portuguese Esc.	5 13/32 - 5 11/32	5½ - 5 13/32	5½ - 5 13/32	5½ - 5 7/16	5 7/16 - 5⅜	5 11/32 - 5 9/32
Spanish Peseta	5 13/32 - 5 7/32	5 7/16 - 5 11/32	5 7/16 - 5 11/32	5⅜ - 5¼	5 9/32 - 5⅛	5 9/32 - 5 3/16
Sterling	7⅛ - 7	7⅛ - 7	7 5/32 - 7 3/32	7 7/32 - 7 5/32	7⅜ - 7 5/16	7 17/32 - 7 15/32
Swiss Franc	1 - ¾	1 7/16 - 1 5/16	1 13/32 - 1 11/32	1 17/32 - 1 13/32	1 11/16 - 1 9/16	1 27/32 - 1 23/32
Canadian Dollar	3 5/16 - 3⅛	3 5/16 - 3 3/16	3 7/16 - 3 5/16	3 15/32 - 3 13/32	3⅞ - 3¾	4 5/16 - 4 3/16
US Dollar	5 15/32 - 5 11/32	5⅝ - 5 9/16	5 9/16 - 5 7/16	5 11/16 - 5 9/16	5¾ - 5⅝	6 1/32 - 5 29/32
Italian Lira	7 13/32 - 6 13/32	6⅞ - 6¾	6⅞ - 6 25/32	6⅞ - 6 25/32	6¾ - 6 21/32	6 15/32 - 6½
Japanese Yen	17/32 - ½	17/32 - ½	17/32 - 7/16	17/32 - 7/16	19/32 - 9/16	⅝ - ½
Asian $Sing	3 - 2⅞	3⅞ - 3¾	3 11/16 - 3 9/16	4 - 3⅞	3 15/16 - 3 13/16	4⅛ - 4

Short term rates are call for the US Dollar and Yen, others: two days' notice.

■ THREE MONTH EURODOLLAR (IMM) $1m points of 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Sep	94.28	94.27	-	94.28	94.27	40,257	479,904
Dec	94.08	94.08	-0.11	94.10	94.06	127,018	490,532
Mar	94.02	93.99	-	94.00	93.97	113,637	350,653

■ US TREASURY BILL FUTURES (IMM) $1m per 100%

Sep	94.92	94.91	-0.01	94.92	94.91	332	7,081
Dec	94.81	94.81	-	94.81	94.81	299	2,269
Mar	94.74	94.73	-0.02	94.73	94.73	16	1,031

All Open Interest figs. are for previous day

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Aug 25		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	18.46	16.32	4.845	1.816	4724	5.455	20.21	491.0	409.7	21.20	3.992	1.659	3.705	2.662	315.8	2.464
Denmark	(DKr)	54.17	10	8.842	2.625	0.984	2559	2.955	10.95	266.0	221.9	11.49	2.163	0.899	2.007	1.442	171.1	1.335
France	(FFr)	61.27	11.31	10	2.969	1.113	2894	3.343	12.38	300.8	251.0	12.99	2.446	1.017	2.270	1.631	193.5	1.510
Germany	(DM)	20.64	3.810	3.369	1	0.375	975.0	1.126	4.171	101.3	84.55	4.376	0.824	0.343	0.765	0.549	65.19	0.509
Ireland	(I£)	55.07	10.17	8.986	2.668	1	2601	3.004	11.13	270.4	225.6	11.68	2.198	0.914	2.040	1.466	173.9	1.357
Italy	(L)	2.117	0.391	0.346	0.103	0.038	100	0.115	0.428	10.39	8.672	0.449	0.085	0.035	0.078	0.056	6.686	0.052
Netherlands	(Fl)	18.33	3.384	2.992	0.888	0.333	865.9	1	3.704	90.00	75.09	3.888	0.732	0.304	0.679	0.488	57.89	0.452
Norway	(NKr)	49.48	9.134	8.076	2.398	0.899	2337	2.700	10	242.9	202.7	10.49	1.975	0.821	1.833	1.317	156.3	1.219
Portugal	(Es)	20.37	3.760	3.324	0.987	0.370	962.1	1.111	4.116	100	83.44	4.318	0.813	0.338	0.755	0.542	64.33	0.502
Spain	(Pta)	24.41	4.506	3.984	1.183	0.443	1153	1.332	4.933	119.9	100	5.176	0.975	0.405	0.904	0.650	77.10	0.602
Sweden	(SKr)	47.17	8.707	7.698	2.285	0.857	2228	2.573	9.532	231.6	193.2	10	1.883	0.783	1.747	1.255	149.0	1.162
Switzerland	(SFr)	25.05	4.624	4.088	1.214	0.455	1183	1.367	5.062	123.0	102.6	5.311	1	0.416	0.928	0.667	79.11	0.617
UK	(£)	60.26	11.12	9.836	2.920	1.094	2847	3.288	12.18	295.9	246.9	12.78	2.406	1	2.233	1.604	190.3	1.485
Canada	(C$)	26.99	4.983	4.406	1.308	0.490	1275	1.473	5.455	132.5	110.6	5.723	1.078	0.448	1	0.719	85.25	0.665
USA	($)	37.57	6.935	6.132	1.820	0.682	1775	2.050	7.592	184.5	153.9	7.965	1.500	0.623	1.392	1	118.7	0.926
Japan	(Y)	31.66	5.845	5.168	1.534	0.575	1496	1.727	6.399	155.5	129.7	6.713	1.264	0.525	1.173	0.843	100	0.780
Ecu	-	40.58	7.491	6.623	1.966	0.737	1917	2.214	8.201	199.2	166.2	8.604	1.620	0.673	1.503	1.080	128.2	1

Danish Kroner, French Franc, Norwegian Kroner, and Swedish Kronor per 10; Belgian Franc, Yen, Escudo, Lira and Peseta per 100.

■ D-MARK FUTURES (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est.vol	Open int.
Sep	0.5509	0.5510	+0.0063	0.5518	0.5485	59,750	98,652
Dec	0.5547	0.5543	+0.0065	0.5545	0.5527	1,464	5,196
Mar	-	0.5585	-	0.5585	0.5585	196	1,531

■ SWISS FRANC FUTURES (IMM) SFr 125,000 per SFr

Sep	0.6678	0.6686	-0.0008	0.6706	0.6675	26,272	51,420
Dec	0.6750	0.6753	-0.0007	0.6780	0.6744	342	2,620
Mar	-	0.6830	-	-	-	12	1,056

■ JAPANESE YEN FUTURES (IMM) Yen 12.5m per Yen 100

	Open	Latest	Change	High	Low	Est.vol	Open int.
Sep	0.8483	0.8451	-0.0030	0.8502	0.8440	39,806	80,815
Dec	0.8600	0.8559	-0.0034	0.8593	0.8552	982	2,714
Mar	-	0.8788	-	-	-	1	538

■ STERLING FUTURES (IMM) £62,500 per £

Sep	1.6060	1.6040	-0.0044	1.6080	1.6018	12,115	48,991
Dec	1.5980	1.5968	-0.0036	1.6014	1.5960	381	1,323
Mar	-	1.5930	-	-	-	6	208

■ PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per pound)

Strike Price	CALLS Sep	Oct	Nov	PUTS Sep	Oct	Nov
1.600	1.92	2.63	3.32	1.07	2.00	2.85
1.610	1.38	2.17	2.83	1.65	2.51	3.36
1.620	0.96	1.74	2.45	2.12	3.02	3.94

Previous day's vol., Calls n/a Puts n/a. Prev. day's open int., Calls n/a Puts n/a

■ PHILADELPHIA SE D-MARK/$ OPTIONS DM62,500 ($ per DM)

Strike Price	CALLS Sep	Oct	Nov	PUTS Sep	Oct	Nov
0.535	1.82	2.10	-	0.13	0.30	0.47
0.540	1.43	1.73	-	0.21	0.42	0.62
0.545	1.06	1.40	1.70	0.34	0.58	0.79

Previous day's vol., Calls n/a Puts n/a. Prev. day's open int., Calls n/a Puts n/a

UK INTEREST RATES

LONDON MONEY RATES

Aug 22	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	7¼ - 6¾	7 3/16 - 7	7 3/16 - 7 3/32	7 5/16 - 7 3/16	7⅜ - 7¼	7 9/16 - 7 7/16
Sterling CDs	-	-	7⅛ - 7 1/16	7 3/16 - 7⅛	7 9/32 - 7 7/32	7 7/16 - 7⅜
Treasury Bills	-	-	6 15/16 - 6 13/16	7 - 6⅞	-	-
Bank Bills	-	-	6 15/16 - 6 13/16	6 31/32 - 6 27/32	7 3/16 - 7 1/16	-
Local authority deps.	7 - 6¾	7 - 6¾	7 3/32 - 7 1/32	7 5/32 - 7 3/32	7 9/32 - 7 7/32	7 7/16 - 7⅜
Discount Market deps	7 - 6⅞	6⅞ - 6¾	-	-	-	-

UK clearing bank base lending rate 7 per cent from Aug 7, 1997

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	2½	5½	5	5	4¾

Certs of Tax dep. under £100,000 is 2½pc. Deposits withdrawn for cash 1¼pc.
Ave. tender rate of discount on Aug 22, 6.8277pc. ECGD fixed rate Stg. Export Finance. Make up day Jul 31, 1997. Agreed rate for period Aug 26, 1997 to Sep 23, 1997, Scheme III 8.27pc. Reference rate for period Jul 1, 1997 to Jul 31, 1997, Schemes IV & V 7.035pc. Finance House Base Rate 7pc from Aug 1, 1997

BANK OF ENGLAND TREASURY BILL TENDER

	Aug 22	Aug 15		Aug 22	Aug 15
Bills on offer	£200m	£200m	Top accepted rate	6.8387%	6.7986%
Total of applications	£775m	£1126m	Ave. rate of discount	6.8277%	6.7810%
Total allocated	£200m	£200m	Average yield	6.9459%	6.8696%
Min. accepted bid	£98.295	£98.305	Offer at next tender	£200m	£200m
Allotment at min. level	90%	63%	Min. accept. bid 92 days	-	-

■ Pound in New York

Aug 25	—Latest—	— Prev. close —
£ spot	1.6055	1.6105
1 mth	1.6032	1.6084
3 mth	1.5988	1.6043
1 yr	1.5830	1.5881

FT GUIDE to WORLD CURRENCIES

The FT Guide to World Currencies table can be found on the Commodities page in today's edition.

BASE LENDING RATES

	%		%		%
Adam & Company	7.00	Duncan Lawrie	7.00	Scottish Widows Bank	7.00
Allied Irish Bank (GB)	7.00	Exeter Bank Limited	8.00	●Singer & Friedlander	7.00
●Henry Ansbacher	7.00	Financial & Gen Bank	8.00	●Smith & Williamson Secs	7.00
Bank of Baroda	7.00	●Robert Fleming & Co	7.00	Sun Banking Corp Ltd	7.00
Banco Bilbao Vizcaya	7.00	●Guinness Mahon	7.00	TSB	7.00
Bank of Cyprus	7.00	Habib Bank AG Zurich	7.00	United Bank of Kuwait	7.00
Bank of Ireland	7.00	●Hambros Bank	7.00	Unity Trust Bank Plc	7.00
Bank of India	7.00	Heritable & Gen Inv Bk.	7.00	Whiteaway Laidlaw	7.00
Bank of Scotland	7.00	C. Hoare & Co	7.00	Yorkshire Bank	7.00
Barclays Bank	7.00	Hongkong & Shanghai	7.00		
Brit Bk of Mid East	7.00	Investec Bank (UK) Ltd	7.00		
●Brown Shipley & Co Ltd	7.00	Julian Hodge Bank	7.00		
Citibank NA	7.00	●Leopold Joseph & Sons	7.00		
Clydesdale Bank	7.00	Lloyds Bank	7.00		
The Co-operative Bank	7.00	Midland Bank	7.00		
Coutts & Co	7.00	NatWestminster	7.00		
Cyprus Popular Bank	7.00	●Rea Brothers	7.00		
		Royal Bk of Scotland	7.00		

● Members of London Investment Banking Association
* In administration

EMS EUROPEAN CURRENCY UNIT RATES

Aug 25	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Finland	5.85424	5.89733	-0.00517	0.74	2.16	-5
Ireland	0.798709	0.738819	+0.001472	-7.50	11.26	51
Italy	1906.48	1923.89	+1.52	0.91	1.98	-7
Portugal	197.398	200.053	+0.1	1.34	1.55	-9
Spain	163.826	166.754	+0.166	1.79	1.11	-12
Denmark	7.34555	7.51522	+0.00747	2.31	0.59	-16
Netherlands	2.16979	2.22126	+0.00255	2.37	0.53	-18
Germany	1.92573	1.97262	+0.00209	2.43	0.47	-24
Austria	13.5485	13.8808	+0.0155	2.45	0.45	-18
Belgium	39.7191	40.7259	+0.0374	2.53	0.37	-19
France	6.45863	6.64679	+0.00923	2.91	0.00	-24
NON ERM MEMBERS						
Greece	295.269	309.975	+0.4	4.98	-1.97	-
UK	0.793103	0.674115	-0.005045	-15.00	21.08	-

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate. 17/9/92: Sterling suspended from ERM. Adjustment calculated by the Financial Times.

US INTEREST RATES

Latest		Treasury Bills and Bond Yields			
		One month	-	Two year	5.98
Prime rate	8½	Two month	-	Three year	6.08
Broker loan rate	7¾	Three month	5.26	Five year	6.22
Fed funds	5⅝	Six month	5.35	10-year	6.37
Fed funds at intervention	-	One year	5.57	30-year	6.66

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF) FFr500,000

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Sep	129.42	129.46	+0.02	129.58	129.34	20,200	158,449
Dec	98.48	98.44	-0.02	98.56	98.36	1,311	14,878
Mar	97.88	97.84	-0.02	97.88	97.88	2	-

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

Strike Price	CALLS Sep	Oct	Dec	PUTS Sep	Oct	Dec
127	2.47	-	-	0.01	-	-
128	1.48	-	-	0.02	-	-
129	0.52	-	-	0.06	-	-
130	0.04	-	-	0.58	-	-
131	0.01	-	-	1.55	-	-

Est. vol. total, Calls 4,104 Puts 4,793. Previous day's open int., Calls 89,898 Puts 131,420.

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Sep	116.68	116.68	+0.01	116.73	116.53	18,162	81,133
Dec	100.58	100.59	+0.05	100.58	100.54	21	3,090

Ecu

■ ECU BOND FUTURES (MATIF) ECU100,000

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Sep	98.96	98.52	-0.04	98.60	98.50	111	5,819
Dec	-	98.18	-	-	-	-	-

■ THREE MONTH PIBOR FUTURES (MATIF) Paris Interbank offered rate

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	96.50	96.49	-0.02	96.50	96.48	3,551	61,882
Dec	96.30	96.27	-0.03	96.30	96.26	5,683	43,772
Mar	96.19	96.16	-0.03	96.20	96.15	1,161	29,758

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Sep	112-20	112-14	-	112-25	112-11	522,147	498,504
Dec	112-07	112-01	-	112-13	111-30	21,700	80,226
Mar	111-26	111-27	-	111-27	111-21	772	32,594

FTSE GOLD MINES INDEX

	Aug 22	% chg on day	Aug 21	Year ago	Gross div yield %	P/E ratio	52 week High	Low
Gold Mines Index (31)	1451.28	+1.0	1436.26	2034.44	2.18	-	2061.05	1270.14
■ Regional Indices								
Africa (14)	1438.49	+0.8	1427.48	2587.21	5.33	23.84	2695.89	1324.06
Australasia (6)	1599.56	+1.3	1579.18	2442.19	3.33	18.27	2442.44	1336.10
North America (11)	1450.57	+1.1	1434.84	1847.91	0.96	73.70	1854.46	1244.23

Copyright, FTSE International Limited 1997. All rights reserved. Figures in brackets show number of companies. Basis US Dollars. Base Value: 1000.00 31/12/92. † Partial. Latest prices were unavailable for this edition.

UK GILTS PRICES

	Notes	Price £	Wk % +/-	Amnt £m	Interest due	Last xd	City line
Shorts" (Lives up to Five Years)							
Treas 8¾pc 1997‡‡		100xd	—	5,550	Mr1 Se1	20.8	1341
Exch 15pc 1997		101 5/16	-2	830	Ap27 Oc27	17.4	1269
Exch 9¾pc 1998		101	-1	3,550	Jy19 Ja19	10.7	1273
Treas 7¼pc 1998‡‡		100 3/32	-1	8,150	Se30 Mr30	19.3	1788
Treas 15½pc '98‡‡		108 15/16	-2	935	Mr30 Se30	19.3	1308
Exch 12pc 1998		105 5/16	-2	3,909	My20 Nv20	9.5	1259
Treas 9½pc 1999‡‡		103	-1	1,900	Jy15 Ja15	4.7	1347
Treas Fltg Rate 1999‡‡		100 3/32	—	5,700	Mr/Je/Se/De	2.6	4945
Exch 12¼pc 1999		107 15/32	-2	3,050	Se26 Mr26	17.3	1254
Treas 10½pc 1999		105 13/32	-2	1,252	Nv19 My19	8.5	1269
Treas 6pc 1999 ‡‡		98⅛	-1	8,950	Fe10 Au10	31.7	3635
Conv 10¼pc 1999		106 3/16	-2	1,798	My22 Nv22	12.5	1242
Treas 8½pc 2000	⁂	102 15/32	-1	109	Jy28 Ja28	17.7	-
Conv 9pc 2000‡‡		104⅛xd	-1	5,358	Se3 Mr3	22.8	1244
Treas 13pc 2000		114⅞	-2	3,171	Ja14 Jy14	3.7	1289
Treas 14pc 1998-1		104 23/32	-2	970	Nv22 My22	13.5	1306
Treas 8pc 2000‡‡		102 23/32	-1	9,800	Ja7 De7	28.5	4948
Treas Fltg Rate 2001		100⅛	—	3,900	8Oc/Ja/Ap/Jy	7.7	-
Treas 10pc 2001		108 13/32xd	-1	4,406	Au26 Fe26	14.8	1280
Conv 9¾pc 2001‡‡	⁂	107¾	-1	5	Ja12 Jy12	3.7	-
Conv 9¾pc 2001	⁂	108⅜	-1	35	Fe10 Au10	31.7	-
Treas 7pc 2001 ‡‡		99 13/32	—	12,750	My6 Nv6	24.4	3031
Exch 12pc 1999-2	⁂	108 11/16	-2	105	Jy22 Ja22	11.7	-
Conv 10pc 2002	⁂	111	-1	21	Oc11 Ap11	2.4	-
Treas 7pc 2002‡‡		99⅞	—	7,500	De7 Je7	29.5	-
Five to Fifteen Years							
Conv 9½pc 2002	⁂	109 15/16	-1	2	De14 Je14	5.6	-
Treas 9¾pc 2002		110 15/32xd	-1	6,527	Fe27 Au27	15.8	1349
Exch 9pc 2002	⁂	107 29/32	-1	83	My19 Nv19	8.5	-
Conv 9¾pc 2003‡‡	⁂	111 13/32	-1	11	Nv7 My7	25.4	-
Treas 8pc 2003‡‡		104⅛	-1	8,800	Je10 De10	30.5	2010
Treas 13¾pc 2000-3	⁂	117	-2	53	Ja25 Jy25	16.7	-
Treas 10pc 2003		113 13/32	-1	2,506	Mr8 Se8	27.2	1261
Treas 11½pc 2001-4		113 13/32	-1	1,820	Se19 Mr19	10.3	1298
Treas 10pc 2004		115 3/16	-1	23	Nv18 My18	8.5	-
Funding 3½pc 1999-4		88 11/16	-1	543	Ja14 Jy14	3.7	1274
Conv 9½pc 2004		113 7/16	-1	3,412	Ap25 Oc25	18.4	1246
Treas 6¾pc 2004‡‡		98 3/16	-1	6,500	My26 Nv26	15.5	3541
Conv 9½pc 2005		113 13/16	-2	4,842	Oc18 Ap18	9.4	1247
Exch 10½pc 2005	⁂	120 15/32	-2	23	Mr20 Se20	11.3	-
Treas 12½pc 2003-5		126 13/32	-1	2,200	My21 Nv21	12.5	1295
Treas 8½pc 2005‡‡		108 15/32	-2	10,373	Je7 De7	29.5	4946
Conv 9¾pc 2006	⁂	117 13/32	-1	6	My15 Nv15	8.5	-
Treas 7½pc 2006‡‡		102⅝	-2	11,700	Je7 De7	29.5	1148
Treas 7¾pc 2006‡‡		103 15/32	-2	4,000	Mr8 Se8	27.2	2300
Treas 8pc 2002-6‡‡		103⅞	-1	2,050	Ap5 Oc5	25.3	1334
Treas 11¾pc 2003-7		120 5/16	-2	3,150	Jy22 Ja22	11.7	1293
Treas 8½pc 2007 ‡‡		109 15/16	-2	7,397	Ja16 Jy16	7.7	1338
Treas 7¼pc 2007‡‡		101⅛	-2	7,800	Je7 De7	29.5	-
Treas 13½pc 2004-8	⁂	132 13/32	-1	95	Se26 Mr26	17.5	-
Treas 9pc 2008 ‡‡		114 3/16	-2	5,621	Ap13 Oc13	3.4	1343
Treas 8pc 2009		107 5/16	-2	3,450	Mr25 Se25	14.3	1336
Treas 6¼pc 2010‡‡		92⅝	-2	4,750	Mr25 Nv25	15.5	4632
Conv 9pc Ln 2011 ‡‡		116 15/32	-2	5,273	Jy12 Ja12	3.7	1245
Over Fifteen Years							
Treas 9pc 2012‡‡		117¼xd	-1	5,360	Fe6 Au6	28.7	1701
Treas 5½pc 2008-12‡‡		87 13/32	-3	1,000	Mr10 Se10	27.2	1330
Treas 8pc 2013‡‡		108 13/32	-2	6,100	Mr27 Se27	18.3	2229
Treas 7¾pc 2012-15‡‡		105½	-2	800	Jy26 Ja26	17.7	1332
Treas 8pc 2015‡‡		109 13/32	-2	13,787	Je7 De7	29.5	4932
Treas 8¾pc 2017‡‡		117¾xd	-2	7,550	Fe25 Au25	14.8	1982
Exch 12pc 2013-17	⁂	147⅛	-1	57	Je12 De12	3.6	-
Treas 8pc 2021‡‡		111 13/16	-2	15,000	Je7 De7	29.5	-
Undated							
Consols 4pc		54 13/16	0.5	359	Au1 Fe1	23.7	1239
War Loan 3½pc‡‡		48 13/32	-3	1,909	Je1 De1	16.5	1352
Conv 3½pc '61 Aft.		68 3/16	0.3	115	Ap1 Oc1	19.3	1243
Treas 3pc '66 Aft.		40 3/16	-2	56	Ap5 Oc5	25.3	1324
Consols 2½pc		35 5/16	-3	276	5Ja/Ap/Jy/Oc	28.5	1238
Treas. 2½pc		34 13/16	-2	475	Ap1 Oc1	19.3	1215
Index-Linked (b)							
4⅝pc '98‡‡	(135.6)	114 13/32	—	800	Ap27 Oc27	17.4	1753
2pc '99	⁂	183	—	2	My22 Nv22	13.5	-
2½pc '01	(78.3)	187½	—	2,150	Mr24 Se24	13.3	1316
2½pc '03	(78.8)	183 13/32	0.1	2,330	My20 Nv20	9.5	1317
4⅜pc '04‡‡	(135.6)	118 15/16	—	1,150	Ap21 Oc21	10.4	1255
2pc '06	(69.5)	194 7/16	0.1	2,350	Ja19 Jy19	10.7	1314
2½pc '09	(78.8)	175 15/32	0.2	2,525	My20 Nv20	9.5	1318
2½pc '11	(74.6)	182 3/32xd	0.2	3,100	Fe23 Au23	14.8	1319
2½pc '13	(89.2)	150 15/32	0.1	3,750	Fe16 Au16	7.8	1320
2½pc '16	(81.6)	161¼	0.1	3,725	Ja26 Jy26	17.7	1321
2½pc '20	(83.0)	154 13/32	0.2	3,500	Ap16 Oc16	7.4	1322
2½pc '24‡‡	(97.7)	128 13/32	0.2	3,550	Ja17 Jy17	8.7	1323
4⅛pc '30‡‡	(135.1)	126¼	0.1	1,300	Ja16 Jy22	11.7	1134

(b) Figures in parentheses show RPI base for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in February 1987. Conversion factor 3.945. RPI for December 1996: 154.4 and for July 1997: 157.5.

Other Fixed Interest

	Notes	Price £	Wk % +/-	Amnt £m	Interest due	Last xd	City line
Asian Dev 10¼pc 2009		121⅞	—	100	Mr24 Se24	24.3	-
B'ham 11½pc 2012		134½	—	45	My15 Nv15	15.4	1837
Leeds 13½pc 2006		136½	—	40	Ap1 Oc1	19.3	3146
Liverpool 3½pc Irred		46	—	5	1Ap/Jy/Oc/Ja	2.8	-
LCC 3pc '20 Aft.		39xd	—	39	1Mr/Je/Se/De	1.8	-
Manchester 11½pc 2007		127½	—	6	Ap25 Oc25	27.3	3275
Met. Wtr 3pc 'B'		83xd	—	35	Mr1 Se1	1.8	3361
N'wide Anglia 3⅞pc 2021		150 3/16	—	60	Ja30 Jy30	16.6	3455
4⅛pc IL 2024		145½xd	—	50	Au23 Fe23	14.7	-

● "Tap" stock. ‡‡ Tax-free to non-residents on application. E Auction basis. xd Ex dividend. Closing mid-prices are shown in pounds per £100 nominal of stock. Weekly percentage changes are calculated on a Friday to Friday basis. ⁂ Indicative price.

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

BERMUDA (REGULATED)(**)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

	Selling Price	Buying Price	+ or -	Yield Gross
Scottish Value Management (Ireland) Ltd (u)				
St Stephen's Green, Dublin 2 00 35314757601				
UK Growth	£2.95	3.08	—	-
European Growth	£3.49	3.88	-	-
Broker Value	£1.3748		—	-
Relative Value H	£1.0327		—	-
CFP Interest Rate Arbitrage Fund Plc				
NAV	$11.25		—	0.00
Calpion Fund				
NAV	$111.10		..	-
Capital Vision Fund Plc				
NAV	$3.37		—	-
Chemical Ireland Fund Administrators Ltd				
Nikko East Asia Class A	$11.8210		—	-
Nikko East Asia Class B	$11.6234		—	-
Tai Performance	$9.84		—	-
Citi Investment Fund (Ireland)				
Citi Korea Equity	$6.96		..	-

	Selling Price	Buying Price	+ or -	Yield Gross
Singer & Friedlander Inv Funds Ltd (u)				
21 New Street, Bishopsgate, EC2M 4HR 0171-626 6226				
Citizens Investment Trust Mngt Company				
CITC Select Fund Plc				
Auto Shares	$8.21		—	-
Chemical Shares	$5.04		—	-
Electron Shares	$5.52		—	-
Finance Shares	$8.82		—	-
Steel Shares	$4.37		—	-
Telecom Shares	$10.81		—	-
CoreStates Fund Management (Ireland) Ltd				
CoreFund Sterling Cash	£1.000		—	6.96
Daiwa Europe Fund Mgrs Ireland Ltd				
Daiwa Alternative Inv Plc	$1134.35		—	-
Daiwa Mega	$1007.94		—	-

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (REGULATED)(**)

JERSEY (SIB RECOGNISED)

LUXEMBOURG (SIB RECOGNISED)

Offshore Funds and Insurances

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone: Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

	Init Charge	Notes	Selling Price	Buying Price	+ or -	Yield Gr's
[illegible]						

LUXEMBOURG (REGULATED)(**)

OFFSHORE INSURANCES

FT MANAGED FUNDS SERVICE

Offshore Insurances and Other Funds

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

[illegible]

OTHER OFFSHORE FUNDS

[illegible]

[illegible]

FT MANAGED FUNDS NOTES

[illegible]

WORLD STOCK MARKETS

Highs & Lows shown on a 52 week basis

EUROPE

PACIFIC

AFRICA

NORTH AMERICA

CANADA

TORONTO (Aug 25 / Can $)

4 pm close

INDICES

Germany					
FAZ Aktien(31/12/58)	1389.42	1382.80	1428.36	1481.44 31/7	988.21 2/1
Commerzbank(1/12/53)	3987.4	4032.4	4167.8	4336.70 31/7	2875.90 2/1
DAX(30/12/87)	4071.79	4086.01	4253.67	4438.93 31/7	2848.77 2/1
Greece					
Athens SE(31/12/80)	1584.99	1592.82	1619.20	1727.70 23/5	954.54 2/1
Hong Kong					
Hang Seng(31/7/64)	15598.88	15429.75	15854.03	16673.27 7/8	12855.17 3/4
India					
BSE Sens.(1978)	(c)	4047.67	4158.16	4548.02 5/8	3225.24 2/1
Indonesia					
Jakarta Comp.(10/8/82)	542.84	574.39	603.06	740.83 8/7	542.84 25/8
Ireland					
ISEQ Overall(4/1/88)	3587.58	3585.93	3644.21	3728.99 8/8	2725.07 2/1
Italy					
Banca Comm Ital(1972)	891.09	888.97	908.00	958.18 23/7	642.55 2/1
MIB General(2/1/87)	1340.0	1337.0	1365.0	1442.00 23/7	991.00 2/1
Japan					
Nikkei 225(16/5/49)	18858.17	18850.17	19157.12	20681.07 16/6	17303.65 10/1
Nikkei 300(1/10/82)	284.41	284.54	291.13	303.71 26/7	251.04 27/1
Spain					
Madrid SE(30/12/85)	585.94	582.56	589.19	628.15 7/7	434.54 2/1
Sweden					
AffarsvardsGen(1/2/37)	3122.6	3141.5	3212.5	3315.80 7/8	2378.50 2/1
Switzerland					
SMI Index(1/7/88)	5473.9	5475.8	5568.8	6012.80 8/7	3822.90 7/1
SPI General(1/6/87)	3531.55	3535.36	3640.75	3788.79 8/7	2508.22 6/1
Taiwan					
Weighted Pr.(30/6/66)	10011.47	10020.35	10025.13	10066.35 31/7	6844.75 6/1
Thailand					
Bangkok SET(30/4/75)	529.61	539.59	583.04	868.97 22/1	464.77 19/6
Turkey					
IMKB Nat 100(1986)	1951.00	1966.00	1975.00	2060.00 7/8	995.00 2/1
WORLD					
MS Capital Intl(1/1/70)	943.5*	942.4	950.9	981.80 31/7	794.50 14/4
CROSS-BORDER					
Eurotrack 100(26/10/90)	(u)	2625.10	2688.38	2794.86 7/8	1883.80 2/1
FTSE E 100(26/6/90)	2205.24	2201.80	2259.67	2355.85 7/8	1582.99 2/1
HSBC JC Dags(31/12/88)	(u)	404.32	409.37	434.83 6/8	381.63 29/4
ING Brngs Emrg(7/1/92)	(u)	181.94	182.83	196.81 8/7	159.74 3/1

US INDICES

Dow Jones	Aug 22	Aug 21	Aug 20	1997 High	1997 Low	Since compilation High	Since compilation Low
Industrials	7887.91	7893.95	8021.23	8259.31 (6/8)	6391.69 (11/4)	8259.31 (6/8/97)	41.22 (8/7/32)
Home Bonds	103.87	103.99	103.87	104.70 (31/7)	101.09 (14/4)	104.70 (31/7/97)	54.99 (1/10/81)
Transport	2937.02	2932.48	2932.32	3009.25 (6/8)	2222.07 (2/1)	3009.25 (6/8/97)	13.23 (8/7/32)
Utilities	231.35	229.41	232.56	240.85 (22/1)	209.47 (25/4)	258.46 (31/8/93)	10.53 (8/7/32)

DJ Ind. Day's high 7904.86 (8043.06) Low 7695.35 (7834.02) (Theoretical♦)
Day's high 7893.71 (8023.09) Low 7716.49 (7847.49) (Actual♦)

Standard and Poors	Aug 22	Aug 21	Aug 20	1997 High	1997 Low	Since compilation High	Since compilation Low
Composite‡	923.54	925.05	939.35	960.32 (6/8)	737.01 (2/1)	960.32 (6/8/97)	4.40 (1/6/32)
Industrials♥	1086.94	1088.58	1105.35	1130.76 (6/8)	865.42 (11/4)	1130.76 (6/8/97)	3.52 (30/6/32)
Financial	105.93	106.41	108.24	111.88 (31/7)	80.75 (2/1)	111.88 (31/7/97)	7.13 (4/9/74)
NYSE Comp.	478.93	479.76	485.70	497.00 (6/8)	389.47 (11/4)	497.00 (6/8/97)	4.64 (25/4/42)
Amex Comp.	643.63	646.56	646.76	654.06 (6/8)	541.20 (28/4)	654.06 (6/8/97)	524.20 (16/7/96)
NASDAQ Comp	1598.89	1607.36	1626.70	1630.44 (6/8)	1201.00 (2/4)	1630.44 (6/8/97)	54.87 (3/10/74)

■ RATIOS

	Aug 22	Aug 15	Aug 8	Year ago
Dow Jones Ind. Div. Yield	1.66	1.69	1.61	2.21
	Aug 20	Aug 13	Aug 6	Year ago
S & P Ind. Div. yield	1.50	1.53	1.47	2.02
S & P Ind. P/E ratio	25.75	25.27	26.35	21.74

■ NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Close price	Change on day
Compaq	8,035,100	66	+¼
K-Mart	6,703,600	14	+⅛
Gen Elec	5,592,200	64⅝	-1⅜
Columbia/HCA	4,945,100	32⅛	-⅛
Philip Mrrs	4,083,000	43⅞	-⅞
IBM	3,679,200	104⅞	-1
Coca Cola	3,261,700	60	-½
Wal-Mart	3,214,200	36¾	-⅛
Bay Network	3,109,500	35¼	+⅞
Texas Insts	3,105,300	117⅝	-7⅛

■ TRADING ACTIVITY

● Volume (million)

	Aug 22	Aug 21	Aug 20
New York SE	415.892	458.323	508.672
Amex	24.048	25.567	28.050
NASDAQ	641.982	713.695	723.219
NYSE			
Issues Traded	3,341	3,354	3,372
Rises	980	893	1,931
Falls	1,903	1,920	889
Unchanged	458	541	552
New Highs	64	147	205
New Lows	28	10	16

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
■ S&P 500							
Sep	926.50	926.25	-0.40	934.50	922.75	79,827	184,050
Dec	938.00	935.00	-1.55	944.00	933.00	2,470	12,616
■ Nikkei 225							
Sep	18730.0	18640.0	+30.0	18730.0	18530.0	17,276	165,974
Dec	18830.0	18650.0	+60.0	18680.0	18530.0	630	26,881

Open interest figures for previous day.

INDEX FUTURES

	Open	Sett Price	Change	High	Low	Est. vol.	Open int.
■ CAC-40 (MATIF/MONEP) (200 x index)							
Aug	2937.0	2898.0	-9.0	2937.0	2874.0	14,629	31,833
Sep	2942.5	2908.0	-8.5	2946.0	2883.5	2,754	24,934
■ DAX							
Sep	4164.0	4081.50	-13.0	4165.5	4048.0	20,219	-
Dec	4200.0	4115.50	-7.00	4200.0	4085.0	187	5,222
■ OMX							
Sep	2531.00	2500.00	-20.0	2536.50	2487.00	5,081	19,012
■ SOFFEX							
Sep	5530.0	5491.0	+1.0	5554.0	5428.1	5,872	24,284
Oct	5538.0	5497.5	+53.0	5538.0	5538.0	2	2,725

" Sat Aug 23: Taiwan Weighted Price 9985.42; Korea Comp Ex 742.58. Base values of all indices are 100 except Australia All Ord and Mining – 500; Austria Traded, BEL20, HEX Gen., MIB Gen., BVL30, SBF250, CAC40, SPI, Euro Top-100, ISEQ Overall, Toronto Comp./Met & Mins, DAX – all 1,000; SMI - 1500; JSE Gold – 255.7; JSE 25 Ind – 264.3; IMKB Nat 100 - 1; NYSE All Common – 50; Stand & Poor's – 10 and Amex Comp – 550. §§ Montreal. ♦ Toronto. (c) Closed. (u) Unavailable. † IBIS/DAX after-hours index: Aug 25 - 4078.75 -13.29

‡ Correction. * Calculated at 15.00 GMT. ● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♦ The DJ Ind. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock, whereas the actual day's highs and lows represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation.

■ TOKYO - MOST ACTIVE STOCKS: Monday, August 25, 1997

	Stocks Traded	Closing Prices	Change on day
Daito Kogyo	11.5m	4	+1
Sakura Bank	5.8m	745	-5
Nippon Steel Cp	5.3m	309	-2
Toshoku	5.1m	119	+12
Mitsubishi Hvy	4.1m	818	+15
Tokio M & F Ins	3.7m	1350	-60
Hitachi	3.6m	1180	-20
Fujitsu	3.5m	1560	-30
Chino Corp	3.4m	650	+85
Toshiba Corp	3.3m	721	-4

Prices supplied by Telekurs, part of FT Information

NOTES - Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. * Calendar year high and low. # Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. † Priced in US $.

♣ FT Free Annual Reports Service

You can obtain the current annual reports of any companies on this page with a ♣ symbol. For North American companies you can either ring +1 804 320 8737, or fax your request to +1 804 320 8135 or order online at http://www.icbinc.com/ay/ft. For companies from ALL other countries, ring 0181 770 0770 or fax your request to 0181 770 3822 (outside UK ring +44 181 770 0770 or fax your request to +44 181 770 3822).

NEW YORK STOCK EXCHANGE PRICES

- A -

- B -

- C -

- D -

- E -

- F -

- G -

- H -

- I -

- J -

- K -

- L -

- M -

- N -

- O -

- P - Q -

- R -

- S -

- T -

Continued on next page

NYSE PRICES

4 pm close August 25

1997 High	Low	Stock	Div.	Yld %	P/E	Sls 100s	High	Low	Close Price	Chng Prev. Close
28⅝	24½	Zenith Nat	1.00	3.7	16	41	27 7/16	26 15/16	27	+1/16
8 1/16	7⅛	Zweig Inc x	0.76	9.8		100	7⅞	7¾	7⅞	+⅛
28¾	17¾	Zero x	0.12	0.4	20	10	27⅛	27	27	+1/16
12 9/16	10¾	Zweig Fd	1.20	9.6		243	u12 9/16	12⅜	12 9/16	+3/16
9 5/16	8	Zweig Tot x	0.84	9.3		728	u9 5/16	8 15/16	9	

Price data supplied by Extel, part of FT Information.

Yearly highs and lows for NYSE reflect the period from Jan 1 1997. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration. Sales figures are unofficial.

d-new yearly low. P/E price-earnings ratio. sls-sales. u-new yearly high. x-ex-dividend or ex-rights. yld-yield. z-sales in full.
‡ Dealings suspended.

♣ FT Free Annual Reports Service

You can obtain the current annual reports and if available quarterly reports of any companies on the US exchanges with a ♣ symbol. To order reports ring (International Access) 1-804-320-8097 or give the names of the companies whose reports you want and fax your request to (International Access) 1-804-320-8135. Reports will be sent the next working day, subject to availability. You can also order online at http:// www.icbinc.com/cgi-bin/ft.

AMEX PRICES

4 pm close August 25

NASDAQ NATIONAL MARKET

4 pm close August 25

- K -

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
K Swiss	0.08	180	105	17	16¼	16¼	+⅛
Kaman Cp	0.44	28	423	16½	16⅛	16 5/16	-3/16
Kelly Sv	0.88	16	431	u32¾	31¾	32¾	+¾
Kimball	1.16	15	546	44¾	43¾	44	-⅜
KLA-Tn		59	22397	76½	73¼	73⅞	-¾
Koll A			20	⅛	⅛	⅛	
Komag♣		16	8385	17⅝	16⅞	17 5/16	+3/16
Kulicke♣			6144	51¾	50⅜	50½	-½

- L -

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
Labone x	0.72	41	205	16⅛	15⅜	15½	-½
Ladd Fum		22	401	16⅛	15½	15⅞	+⅛
Lam Rsch			15706	u67 7/16	62½	63 5/16	-2 5/16
Lancaster	0.72	17	552	50¼	48¾	50¼	+1¼
Lance ♣	0.96	23	98	21¼	21	21⅛	-⅛

- R -

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
Rainbow♣		14	219	18½	18	18⅛	+⅛
Rallys			473	2	1 15/16	1 15/16	+1/16
Raymond	0.25	16	20	32⅞	32⅞	32⅞	
RCSB Fin	0.60	17	243	48⅝	48⅛	48 7/16	-⅜
Read-Rite		27	14845	28	26¾	27⅝	+5/16
Recoton		20	171	13½	13⅛	13½	-¼

- X - Y - Z -

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
Xilinx♣		37	15447	53⅞	52	53⅛	+1
Xircom		25	5484	14⅞	14⅜	14¾	+¼
Xoma Corp			3058	6⅝	6¼	6 7/16	+¼
Yahoo			4271	57¼	55⅞	56¾	+1 1/16
Yellow			1634	28⅞	28½	28¾	+⅛
York Rsch		18	679	6 5/16	6	6⅛	
ZionsUtah	0.48	19	556	35⅝	35⅛	35¼	-¼

EASDAQ

EASDAQ is a fully regulated independent pan European Stock Market focused on high growth companies with international operations. The shares of companies on the EASDAQ Stock Market can be bought and sold through EASDAQ Members

Company	Mid price	Change on day	Volume	High	Low	Company	Mid price	Change on day	Volume	High	Low
ActivCard	US$2.875		0	8.25	2.875	Lernout & Hauspie	US$28.25	-0.125	1000	34	25
Artwork Systems	US$8.25		31575	11.125	8.25	Mercer Intl	US$10.625		0	11.75	9.125
Chemunex	FFr10		0	18	10	NTL	US$21.25	-0.5	0	25.125	21.25
Debonair Holdings	£6.5	+0.05	6000	7.15	4.5	PuriTech	US$3.625	+0.125	0	6.125	3.375
Dr Solomon's ADS	US$24.5	-0.125	0	28.375	16.875	Schoeller-Bleckmann	Sch1415	-3	1000	1449	900
EDAP TMS	US$7.1875		0	9.125	6.9375	Topcall Intl	Sch3110		1600	3360	2055
Esprit Telecom ADS	US$5.625	-0.125	0	12.25	5.375	Turbodyne Technol	US$4.25	-0.2	0	4.25	3.73
Innogenetics	US$10.375	-0.125	48955	12.75	10						

Prices for 25/8/97. Please note that mid prices are now used to calculate highs and lows. Information about EASDAQ can be found on the Web site at HTTP://WWW.EASDAQ.be EASDAQ offices are located in Brussels (Tel 32-2 / 227 65 20) and in London (Tel 44-171 / 489 9390)

FINANCIAL TIMES Tuesday August 26 1997

Lethargic US shares flat at midsession

AMERICAS

Wall Street put in a dull morning performance as blue chip and technology stock indexes edged only modestly higher, *writes John Labate in New York.*

By early afternoon the Dow Jones Industrial Average had risen 2.33 at 7,890.24 while the broader Standard & Poor's 500 moved 1.79 higher at 925.33. The technology weighted Nasdaq composite index proved stronger than the rest but added only 7.75 at 1,606.44.

"Last week was a battle," said Jon Olesky, senior equity trader at Morgan Stanley in New York. With the market swinging widely between bulls and bears, yesterday offered no clear indication as to where the market would head next, he added. Three days of 100 point-plus gains in the Dow last week were followed by a 127-point plunge on Thursday and a mixed market on Friday. "A lot of people finished last week somewhere between exhausted and confused," Mr Olesky added.

Among individual stocks, the pressure came off MCI, up $⅛ at $30 after the apparent completion of its merger plans with British Telecom. But its long distance rivals AT&T and Sprint moved lower. AT&T lost $⅛ at $40⅞ and Sprint fell $½ at $46⅞. Some of the Baby Bells continued higher, as Nynex gained $1¼ at $58¼.

Foods producer Hudson Foods, which was the subject of a recall of its beef and the closing of one of its plants late last week, plunged $⅞ or more than 5 per cent at $14⅛.

Among Dow stocks, General Motors moved strongly higher on news that the motor manufacturer had named a new vice president of its European operations. Shares in GM gained $1⅞ at $66¾.

Technology issues also held some winners for the morning as networking leader Cisco Systems gained $1⅛ at $78¾. Semiconductor chip maker Intel, however, continued to drift lower from Friday's analyst downgrade, as the stock lost $1⅞ at $95.

TORONTO climbed in morning trade, extending Friday's late recovery in response to Wall Street's last-minute turnaround. The TSE's 300 composite index advanced 38.50 to 6,748.28 by midday. Metal shares led the market, with the metals index rising 1.5 per cent. Alcan Aluminium rose C$1.50 to C$51.75 after CS First Boston said it had picked the base metal giant as its featured stock of the week.

Bank shares rose sharply ahead of profit reports that begin today, with the index putting on almost 1.5 per cent.

The Royal Bank of Canada, the country's largest bank, rose C$1.80 to C$64 while Bank of Nova Scotia put on 60 cents to C$63.

Rate worries cloud outlook for bourses

EUROPE

Concerns about the prospects for higher German interest rates after the release of economic data kept leading bourses under pressure. A modest recovery in the dollar provided a measure of support, however, as did Wall Street's early advance although most investors were convinced that further volatility was in prospect.

FRANKFURT was lower in late computer trade, hurt by a weak dollar in response to stronger than expected August inflation data and sharp revisions to June industrial production figures. The data fuelled speculation that the Bundesbank would soon move on rates to curb inflationary pressures. The Ibis-indicated Dax index closed 13.39 lower at 4,076.75 with many investors unwilling to adopt new positions ahead of today's Bundesbank repo announcement.

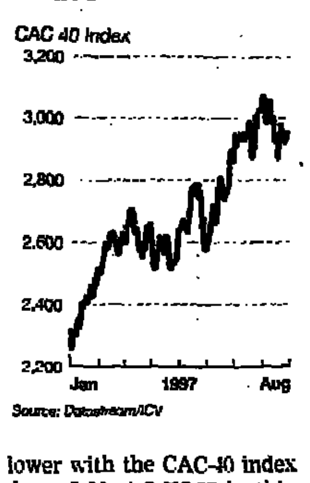
Some banks were among the losers. Dresdner fell DM1.53 to DM74.37 and Deutsche Bank lost DM1.30 to DM111.65.

Lufthansa finished DM1.69 higher at DM37.99 ahead of half-year results due on Thursday, which were expected to include record earnings as a result of higher passenger figures, cost cutting and alliances.

PARIS ended slightly lower with the CAC-40 index down 5.66 at 2,898.57 in thin volume of only 6.3m shares.

France

CAC 40 index



Source: Datastream/ICV

Thomson-CSF rose FFr8.30 or 5.4 per cent to FFr161 and Dassault Aviation climbed FFr55 to FFr1,335, extending gains made on Friday after the government said it would announce decisions on the future of the two companies by the end of next month.

Bic added 40 centimes at FFr483.00 after a volatile session sparked by a report that it was taking legal action to enforce an agreement reached in July to buy US pen manufacturer Sheaffer. Shaeffer decided on Friday on a management buy-out. Bic initially jumped to a high of FFr498 on news that it was raising its offer for Sheaffer, but the share tumbled off the high as the investors focused on the obstacles in the way of the acquisition, and its cost.

AMSTERDAM battled to stay in positive territory in dull trade and the AEX index finished just 3.77 ahead at 922.19, off a high of 941.95.

Publisher VNU notched up a 4.4 per cent rise or Fl 1.90 to Fl 45.50 ahead of the release of results today.

Aegon rose almost 2 per cent or Fl 3.10 to Fl 159.20. The insurer was boosted by weekend press coverage of its strong first-half profits and analysts' upgrades of its full-year forecasts.

Royal Dutch also rose sharply, helped by the firmer dollar and a report the oil giant is looking at participating in the later phases of developing a new gas field in Iran. The share added Fl 2.60 or 2.5 per cent to Fl 108.10.

ABN Amro continued the decline sparked by the release of its results last week, shedding another 60 cents to Fl 43.30.

ZURICH gave up an early advance to close broadly flat in cautious trade as the pharmaceutical sector recovered from Friday's losses, while financial issues lost markedly amid fears of rising interest rates. The SMI index edged 1.9 lower at 5,473.9.

Among the pharmaceuticals, Novartis bearers rose SFr21 at SFr2,206 while Roche certificates traded SFr50 higher at SFr13,500.

In the banking sector, UBS lost SFr23 at SFr1,500 and CS Group was down SFr2.75 at SFr179.25.

Oerlikon-Bührle rebounded SFr9.50 to SFr173.50. Friday's confirmation that Ernst Thomke had resigned as ceo and chairman of Bally, the shoes and accessories subsidiary, was said to have removed an important uncertainty that had weighed on the shares in recent weeks.

Alusuisse lost SFr17 to SFr1,351 ahead of first-half figures expected today.

VIENNA turned its attention to the banking sector and closed broadly higher, recouping some of Friday's 4.2 per cent tumble. The ATX index ended the day at 1346.69 up 16.67 or 1.3 per cent.

Bank Austria preferred shares were sharply higher, jumping Sch39 or 8.3 per cent to Sch509. One trader said, however, that the bank itself appeared to be the main buyer in an operation that could be linked to plans this week to announce terms of the share swap as Bank Austria mops up outstanding Creditanstalt shares.

Based on yesterday's closing prices, Bank Austria might be targeting an exchange of 6 Bank Austria shares for every 5 Creditanstalt shares, the trader said.

ATHENS added to Friday's losses in low turnover, with the construction sector registering the sharpest pull-back of 3.1 per cent, erasing almost all of last week's gains. The general index fell 27.83 to 1,564.99.

TEL AVIV was broadly lower ahead of the central bank's decision to raise interest rates by a steeper than expected 0.7 percentage point, which was announced after the market closed.

The Mishtanim index of the top 100 shares fell 3.92 or 1.3 per cent to 289.65, but in low turnover of Shk127m.

Koor Industries, Israel's largest holding company, rose Shk7.45 to Shk380.02 amid rumours that foreign institutional investors were heavy buyers.

Israel Corp picked up Shk3.75 to Shk253.92 following recommendations from several analyst for its Tower Semiconductor subsidiary.

PRAGUE was lifted by a strong advance in CEZ, the electric utility, on strong demand by foreign investors looking for a cheap way into Czech blue chips other than Komercni, the commercial bank, and SPT Telecom.

The PX-50 index rose 7.2 or 1.3 per cent to 551.4.

CEZ rose Kcs74 koruna to Kcs1,054 Komercni Banka gained Kcs55 to Kcs1,925 while STP, the national phone company fell Kcs1, to Kcs4,309.

Written and edited by Michael Morgan and Greta Steyn

FTSE Actuaries Share Indices — European series

August 25

National & Regional Markets	Ecu index	Day's %	change points	Yield gross %	xd adj	Total rtn (Ecu)
FTSE Eurotop 300	948.53	-0.29	-2.80	2.39	0.00	960.71
FTSE Eurotop 100	2205.24	+0.16	+3.44	-	-	-
FTSE Eurotop 300 Regions						
300 UK	958.49	+0.00	+0.00	3.40	0.00	984.21
300 Ex-UK	944.32	-0.30	-2.88	1.81	0.00	944.52
300 Eurobloc	945.65	-0.34	-3.22	1.98	0.00	945.96
300 Ex-Eurobloc	950.63	-0.24	-2.28	2.68	0.00	954.37
FTSE Eurotop 300 Economic Groups						
Resources	977.49	+0.48	+4.68	2.63	0.00	978.98
General Industries	957.00	-0.60	-5.79	2.04	0.00	967.62
Consumer Goods	920.14	-0.05	-0.42	2.01	0.00	922.28
Services	946.70	-0.11	-1.02	2.35	0.00	947.75
Utilities	945.04	+0.10	+0.97	3.33	0.00	949.76
Financials	946.47	-0.71	-6.72	2.42	0.00	949.72

Caracas 2.3% higher

CARACAS bounded ahead at midsession with the IBC index up 220.76 or 2.3 per cent at 9,656.32.

The benchmark Electricidad de Caracas continued higher in further response to Friday's news that the National Securities Commission had authorised it to grant shareholders a one-for-six stock dividend.

Electricidad was up 10 bolivars at 840 bolivars, pulling much of the rest of the market up with it.

SAO PAULO traded higher at mid-session in spite of low turnover and a lack of market-moving news.

The Bovespa index was 102 better at 11,260 as share prices mirrored the moves on Wall Street.

The benchmark shares of the federal telecommunications holding company, Telebras moved ahead 90 centavos to R$138.40.

Eletrobras, the federal electricity holding company, jumped R$5 to R$490.

Merger news helps to boost South Africa

A rash of mergers and acquisitions boosted the South African market, with economic data also helping to fuel bullish sentiment. The all-share index ended up 50.7 at 7,398.6, industrials added 61.1 to 9,115.1 and golds gained 4.3 to 1,026.4.

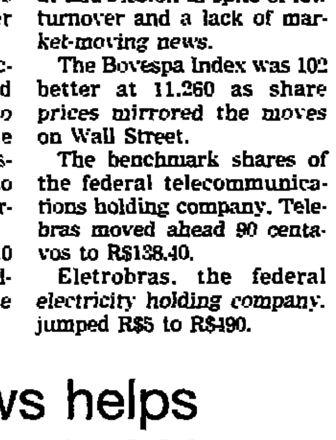
Sentrachem stock leapt after Dow Chemical of the US raised its buy offer to R11.75 from R10.50. The shares ended up 60 cents at R11.30.

Plate Glass & Shatterproof Industries surged on news that its global arm Belron International had bid C$86m for Canada's Autostock. It closed up 250 cents at R128.00.

Finally, the electronics and information technology company, Dimension Data, rose after the it said it had planned to buy Australia's Datacraft. Didata shares added 95 cents to R20.00.

South Africa

JSE Indices (rebased)



Source: Datastream/ICV

News that GDP rose an annualised 2.6 per cent in the second-quarter compared with the first three months of this year, also provided support for the market.

Jakarta and Bangkok tumble by more than 5%

ASIA PACIFIC

Investors punished Jakarta, Bangkok, Kuala Lumpur and Manila while other regional markets markets were narrowly mixed.

JAKARTA took another tumble as a further sell off in blue chips was triggered by high interest rates, combined with concern over corporate earnings following the depreciation in the rupiah.

The composite index fell 31.75 or 5.5 per cent to 542.65, adding to Friday's 4.8 per cent plunge.

Analysts noted that at one stage the index fell more than 6 per cent to a low for the year of 534.41, but it subsequently picked up as some government institutions bought into the market in late trade.

Banking stocks were again hard hit, as were the retail and property sectors.

The heavily weighted Telkom fell Rp200 to Rp3,200 on continuing concern over its financial performance following the depreciation in the rupiah.

BANGKOK plummeted as currency concerns battered sentiment and investors worried about Thailand's ability to service its debts. The SET index retreated 29.55 or 5.3 per cent to 530.04, taking the fall over the last two trading days to more than 10 per cent.

Brokers said political concerns were also taking a toll. The coalition government looked shaky ahead of key debates on the economy and on constitutional change.

Banking shares were in the firing line again, with the sector losing more than 6 per cent. Bangkok Bank topped the active list, losing Bt12.00 to Bt131.

Blue chip shares were under pressure as foreigners sold. TelecomAsia fell Bt1.50 to Bt37.

MANILA was prey to currency concerns and interest rate worries, causing a steep decline in light volume. The main index fell 64.70 or 2.7 per cent to 2,364.03.

Property and banking shares bore the brunt of the interest rate concerns, with the property index losing 5.6 per cent. Ayala Land lost 0.75 pesos to 17.50 pesos.

KUALA LUMPUR dropped 2.3 per cent as foreigners were sellers and local investors remained sidelined, awaiting a further fall before they resumed buying.

The composite index closed 21.04 lower at 853.96.

Among the key index stocks, Maybank – due to report annual results today – lost 70 cents to M$21, still suffering from last week's Standard & Poor's downgrade. Tenaga, planning a M$1bn Islamic bond issue, fell 25 cents to M$9.30 as investors remained wary of its large foreign debt exposure.

TOKYO was mixed in thin trading, as foreign investors and domestic institutions continued to take profits on high technology blue chips and other leading exporters. Domestic demand-driven issues advanced, however, *writes Gwen Robinson.*

The Nikkei 225 average edged up 6.00 to 18,656.16 after moving between 18,550.36 and 18,740.57. The market shrugged off Friday's volatile session in New York and opened slightly higher on bargain-hunting after the 2.6 per cent plunge seen at the end of the week.

Domestic demand-driven issues, including general contractors and banks, maintained their recent popularity among domestic pension funds. But heavy selling of blue chip electricals hit the market in the early afternoon and wiped out some of the morning's gains. Shares subsequently fluctuated in a narrow range in an increasingly cautious mood ahead of economic data to be published later in the week.

Other leading indices declined. The Topix index of all first-section stocks lost 1.67 to 1,454.06. The capital-weighted Nikkei 300 was off 0.13 at 284.41. Volume fell to an estimated 321m shares from 423m. Advances led declines 562 to 521 with 166 unchanged.

Leading electricals and high-technology stocks retreated. Sony slid Y300 to Y10,700, Advantest Y700 to Y10,200 and Tokyo Electron Y290 to Y6,810. TDK fell Y420 to Y9,080, Nikon Y70 to Y2,200 and Canon Y90 to Y3,360. Car makers advanced, however, with Toyota up Y70 at Y3,120, Nissan Y23 at Y759 and Honda Y60 at Y3,600.

Among leading contractors, Obayashi rose Y4 to Y781, Shimizu Y12 to Y638 and Kajima Y14 to Y654.

Banks rose in the morning, but ended mixed. Fuji Bank was up Y20 at Y1,550 and Bank of Tokyo-Mitsubishi Y30 to Y2,260, but Sumitomo Bank fell Y10 to Y1,850 and Sakura Bank declined Y5 to Y745.

In Osaka, the OSE average fell 59.36 to 19,723.52 in volume of 49.4m shares.

HONG KONG rallied to a strong close after stuttering during early trade while H-shares roared ahead as investors tried to put last week's currency-related troubles behind them.

The Hang Seng index gained 169.13 or 1.1 per cent, to close at 15,598.88 after sliding to a low of 15,321.96 in early trade. The H-share index soared 168.13 or 10.8 per cent, to close at 1,727.01. Turnover was the second heaviest ever at HK$37.2bn.

Fears about an attack on the Hong Kong dollar sent interbank rates soaring early last week, prompting a 667.13 fall in the Hang Seng index.

Rates have softened since then but, analysts said, they may still take some time to return to normal levels, brokers said.

Demand for China related issues picked up ahead of the forthcoming 15th Communist Party Congress at which, many investors believe, Beijing may adopt measures to reform its state-owned enterprises.

SYDNEY recovered some of the ground lost on Friday in cautious trade. The all ordinaries index rose 16.8 to 2,637.1 in light turnover.

Blue chips rose after a nervous start, with BHP adding 12 cents to A$17.20. Foster's rose 2 cents to A$2.62 despite reporting a drop of almost 15 per cent in annual earnings.

FT/S&P ACTUARIES WORLD INDICES

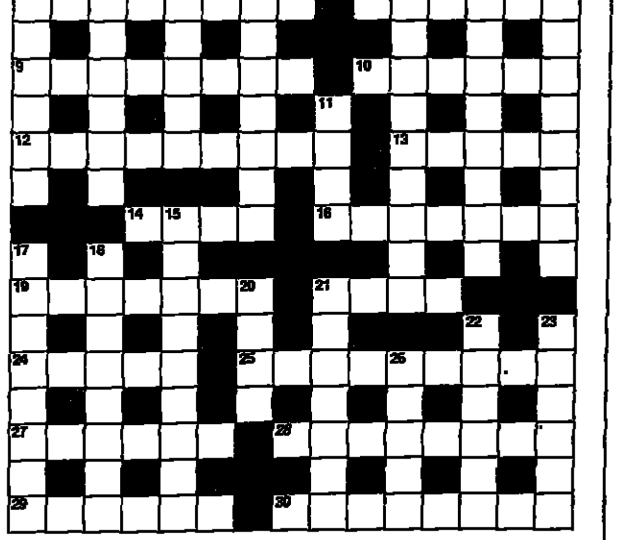
The FT/S&P Actuaries World Indices are owned by FTSE International Limited, Goldman, Sachs & Co. and Standard & Poor's. The indices are compiled by FTSE International and Standard & Poor's in conjunction with the Faculty of Actuaries and the Institute of Actuaries. NatWest Securities Ltd. was a co-founder of the indices.

NATIONAL AND REGIONAL MARKETS	FRIDAY AUGUST 22 1997								THURSDAY AUGUST 21 1997					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	52 week High	52 week Low	Year ago (approx)
Australia (76)	230.51	-1.1	212.91	171.06	217.78	205.03	-1.2	3.76	233.09	217.71	173.26	223.21	207.46	243.87	200.17	206.79
Austria (25)	190.57	-2.6	176.02	141.42	180.05	179.94	-3.9	1.63	195.73	182.81	145.48	187.43	187.32	206.00	174.70	177.37
Belgium (28)	237.38	-0.7	219.25	176.16	224.27	219.76	-2.1	3.11	239.11	223.34	177.72	228.98	224.42	261.11	213.92	216.67
Brazil (30)	266.18	-0.7	245.86	197.53	251.48	534.79	-0.4	1.37	268.00	250.32	199.19	256.64	536.86	322.44	172.54	177.59
Canada (126)	214.66	-0.2	198.27	159.30	202.81	216.71	-0.3	1.71	215.12	200.93	159.89	206.01	217.29	224.03	182.51	164.00
Denmark (32)	389.90	-0.5	360.13	289.34	368.37	367.72	-1.7	1.49	391.73	365.89	291.16	375.13	374.13	421.25	315.97	316.97
Finland (28)	295.97	-2.6	273.37	219.64	279.63	337.72	-3.7	1.63	303.93	283.83	225.90	291.06	350.60	314.06	205.98	207.71
France (83)	224.83	-0.3	207.72	166.89	212.47	215.99	-1.7	2.44	225.66	210.77	167.73	216.10	219.81	237.57	187.42	190.10
Germany (59)	222.84	-2.6	205.82	165.37	210.53	210.53	-3.9	1.36	228.80	213.71	170.06	219.11	219.11	238.42	172.83	174.95
Hong Kong, China (66)	537.16	-1.2	496.15	398.63	507.50	534.07	-1.2	2.88	543.68	507.81	404.10	520.65	540.51	580.03	421.41	439.88
Indonesia (27)	177.23	-4.3	163.70	131.52	167.44	290.84	-4.7	2.23	185.22	173.00	137.67	177.38	305.09	254.90	166.14	187.92
Ireland (17)	365.59	-0.4	337.68	271.30	345.40	349.93	-1.9	2.79	367.02	342.81	272.79	351.47	356.68	376.16	284.36	284.36
Italy (53)	97.83	-0.1	90.46	72.68	92.53	129.73	-1.3	1.83	97.99	91.52	72.83	93.84	131.44	105.79	73.28	76.66
Japan (485)	128.35	-2.1	118.55	95.25	121.26	95.25	-2.3	0.83	131.12	122.47	97.46	125.56	97.46	149.58	107.57	149.58
Malaysia (107)	394.59	-1.6	364.46	292.82	372.80	421.64	-1.1	1.66	400.82	374.38	297.92	383.84	426.22	660.85	383.53	553.57
Mexico (27)	1794.99	-1.1	1657.94	1332.06	1695.89	15283.37	-0.9	1.47	1815.75	1695.95	1349.59	1738.81	15425.33	1864.38	1136.59	1309.61
Netherlands (19)	402.57	-2.3	371.83	298.75	380.34	375.91	-3.7	2.10	412.18	384.98	306.36	394.71	380.26	431.66	297.04	302.34
New Zealand (14)	89.47	-0.1	82.64	66.40	84.53	73.55	-0.9	4.01	89.53	83.62	66.54	85.73	74.25	96.47	83.03	84.59
Norway (41)	316.85	-0.2	292.66	235.13	299.35	326.36	-1.4	1.88	317.63	296.68	236.08	304.17	331.12	330.72	248.20	248.70
Philippines (22)	130.19	-1.5	120.25	96.61	123.00	193.40	-1.8	1.07	132.18	123.46	98.24	126.58	196.95	214.07	124.51	205.05
Singapore (42)	341.44	0.6	315.37	253.38	322.59	234.82	0.2	1.31	339.56	317.15	252.38	325.17	234.40	448.01	328.94	401.75
South Africa (44)	338.18	-0.7	312.34	250.95	319.49	346.94	-1.8	2.46	340.40	317.94	253.01	325.98	352.63	370.12	301.49	318.57
Spain (33)	243.51	0.0	224.92	180.71	230.07	284.06	-1.1	2.34	243.56	227.49	181.03	233.24	287.34	276.05	173.01	176.89
Sweden (48)	486.66	-1.7	449.50	361.15	459.79	573.18	-2.4	1.80	495.28	462.60	368.12	474.29	587.28	512.39	358.30	360.00
Switzerland (33)	296.76	-2.1	274.10	220.22	280.37	275.84	-3.2	1.21	303.05	283.06	225.25	290.21	284.83	329.59	231.89	250.38
Thailand (42)	46.32	-8.5	42.79	34.38	43.76	60.86	-5.3	5.07	50.64	47.30	37.64	48.49	64.26	146.69	46.32	142.51
United Kingdom (213)	309.74	-0.4	286.09	229.86	292.64	286.09	-1.5	3.49	310.87	290.36	231.06	297.70	290.36	326.28	244.02	244.02
USA (637)	375.02	-0.2	346.39	278.30	354.32	375.02	-0.2	1.65	375.87	351.08	279.38	359.95	375.87	389.67	264.75	273.09
Americas (820)	342.56	-0.2	316.41	254.22	323.65	288.63	-0.2	1.64	343.39	320.73	255.23	328.84	289.32	358.35	242.47	249.78
Europe (713)	270.35	-1.1	249.71	200.62	255.42	260.65	-2.3	2.44	273.36	255.32	203.18	261.78	266.74	284.44	212.81	214.60
Nordic (150)	415.32	-1.5	383.61	308.21	392.39	427.46	-2.4	1.74	421.80	393.98	313.51	403.93	437.95	437.88	310.57	311.35
Pacific Basin (881)	145.53	-1.9	134.41	107.99	137.49	109.16	-2.0	1.32	148.33	138.55	110.25	142.05	111.40	163.27	127.18	163.27
Euro-Pacific (1594)	197.63	-1.4	182.54	146.66	186.72	186.07	-2.2	1.96	200.52	187.30	149.04	192.03	189.74	209.12	173.56	184.53
North America (763)	365.04	-0.2	337.17	270.90	344.89	364.46	-0.2	1.65	365.87	341.73	271.94	350.36	365.30	379.38	258.56	266.41
Europe Ex. UK (500)	243.06	-1.5	224.50	180.37	229.64	240.34	-2.7	1.85	246.81	230.52	183.44	236.35	247.11	256.73	191.01	193.81
Pacific Ex. Japan (396)	294.26	-1.2	271.79	218.37	278.01	265.58	-1.2	2.86	297.63	278.18	221.37	285.21	268.77	320.65	280.77	288.37
World Ex. US (1821)	201.63	-1.4	186.24	149.63	190.50	172.92	-2.0	1.95	204.42	190.93	151.94	195.76	178.51	212.89	176.94	185.70
World Ex. UK (2245)	252.01	-0.9	232.77	187.02	238.09	225.36	-1.1	1.62	254.22	237.45	188.96	243.45	227.98	262.69	204.12	209.77
World Ex. Japan (1973)	322.60	-0.6	297.97	239.40	304.79	316.74	-1.0	1.98	324.48	303.07	241.17	310.73	318.83	334.83	242.70	247.19
The World Index (2458)	256.99	-0.8	237.37	190.71	242.80	231.00	-1.2	1.80	259.12	242.02	192.59	248.14	233.74	267.21	207.64	212.75

JOTTER PAD

CROSSWORD

No.9,463 Set by QUARK



ACROSS

1,5 Bird song unfinished – odd source for a book (8,6)
9 Hostelry by Oval to bring in new ideas (8)
10 Faltering in company (6)
12 Novel isn't to be reprinted (no money) (9)
13 Escapes from the border, we hear (5)
14 Stone work a learner produces (4)
16 A dip at the River Plate (7)
19 Raise fruit for the latest reports (7)
21 School code broken (4)
24 Feature about a badge of office (5)
25 A short drink of little importance? (5,4)
27 A group of detectives in charge, quite sharp (6)
28 Troop reissued with pass, observing this? (8)
29, 30 Not a complicated hobby, in financial terminology (6,8)

DOWN

1 Fruit producin' (6)
2 Get rid of ash-bin (untidy) (6)
3 Original book (5)
4 This is ground of greyish-yellow colour (7)
6 Use money specifically to call crooked property dealer (4-5)
7 Flies put out as venomous (8)
8 What fly could be in the spider's fabrication (8)
11 Endlessly pay attention to the horses (4)
15 Anything that may be possible in the mood? (9)
17 To do better than external group of students (8)
18 I'm getting round eccentric Delia's impracticality (8)
20 The Salvation Army's quiet band (4)
21 Annoyance? Give a smile after tea! (7)
22 Free party can be formed for it (6)
23 Unusual tale about Royal Marines' band (6)
26 Article supporting American city's machine (5)

Solution to Saturday's prize puzzle on Saturday September 6.
Solution to yesterday's prize puzzle on Monday September 8.